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Spratlys Removed From APPF Meeting Agenda

BK1601041096 Bangkok THE NATION in English 16 Jan 96 p A5

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Cha-am, Phet Buri — The Asia-Pacific Parliamentary Forum [APPF] meeting here yesterday agreed to drop discussions on conflicts surrounding the South China Sea after strong protests from the Chinese delegation.

Chinese delegates lobbied their fellow parliamentarians from other member countries throughout the afternoon session and eventually managed to get support from Malaysia and Singapore to drop the sensitive topic.

The United States and the Philippines were the two strongest proponents for the discussions to take place.

Beijing, which regards the South China Sea dispute as a bilateral issue with the countries concerned, had earlier sent a letter demanding that the topic be dropped from the agenda.

The inclusion of the item concerning the 'Territorial and Jurisdiction Disputes in the South China Sea' is absolutely unacceptable to the Chinese delegation," said the letter, which was dated Jan 4 and had been sent to the APPF's executive committee. The letter was signed by Ye Weiwei, secretary-general of the National People's Congress of China (NPC).

Up until yesterday the Spratly Islands dispute was to have been included after the AFFP's executive committee discussed China's objection, but it was decided that all issues relevant to member states should be broached.

The Spratly Islands have been claimed partly or wholly, by a number of countries including China, Taiwan, Vietnam, Malaysia, Philippines and Brunei. The volatile issue has lessened in intensity since China recently announced that it would respect the 1982 UN Convention on the Laws of the Sea and a related workshop held in China.

China, however, has insisted that the issue should be discussed bilaterally between China and each country concerned in order to find a solution through peaceful dialogue.

Zhu Liang, head of the Chinese delegation, stressed yesterday that any discussion on the subject at the APPF meeting would not benefit the dispute which, so far, has been handled through peaceful means with the countries concerned.

"We strongly oppose the APPF's decision to put the South China Sea dispute on the agenda. Any discussion relating to it will affect the smooth atmosphere of the meeting.

"The dispute between concerned countries should not be discussed at any forum," Zhu said.

He said that any external interference would only complicate the matter.

"The Nansha (China's name for the Spratlys) question is an issue between China and certain countries. Patient and constructive bilateral consultation is the only way to reach a just and fair final solution. External interference will only complicate the matter, instead of facilitating a solution," the letter said.

Prime Minister Banhan Sinlapa-acha yesterday presided over the official opening ceremony of the APPF at this seaside district together with Bun-eua Prasoetsuwan, president of National Assembly, and Michai Ruchuphan, president of the Senate.

Former Japanese prime minister Yasuhiro Nakasone, the APPF chairman, was also present.

The APPF was established in 1993 on an initiative by Nakasone and a group of parliamentarians from Asia-Pacific countries, including Thailand, to foster economic and political cooperation.

At present the APPF comprises 23 countries, including Australia, the United States, Japan, China, Cambodia, Laos, Vietnam and Mongolia, with Papua New Guinea an observer.

Meanwhile, Alongkon Phonlabut, a Democrat MP attending the meeting, told reporters that Thailand has proposed setting up a legal information network through the Internet so APPF countries could increase the efficiency of the legislative body.

The proposed information network would be discussed during the week-long meeting.

"If endorsed by other APPF members, the network will be made available on the Internet, and in future the organization will probably have its own system for exchanging legal information among MPs," he said.

"Through the proposed network, new laws passed by a country's parliament would be available for study and understanding by member states," Alongkon said.

Thailand also agreed in principle to Australia's proposal for the APPF to have a secretariat office, to be an administrative body for the forum.

He added that attending MPs would discuss how to jointly use the natural resources available in the region to minimize existing and possible future problems.

He raised, as an example of lack of such cooperation, the fishing disputes Thailand has with its neighbouring countries. "When such disputes arise, the authorities concerned have to consider the legalities concerned. On this matter lawmakers could help with the legal matters to help minimize any further conflict," he said.

Alongkon said discussions on the rights of women and children would be held, adding that each member country would give details on the progress made in this direction, so other countries could learn of the progress and maybe adopt such policies themselves.

Report Views Arms Smuggling in South Asia

BK0901013896 Bangkok ASIA TIMES in English 9 Jan 96 p 4

[Report by Satya Sivaraman]

[FBIS Transcribed Text] Bangkok — With supplying arms by traditional routes to militant and ethnic rebel groups in South Asia becoming more and more difficult, dropping arms by parachute has emerged as the marketing equivalent of home delivery for international weapons suppliers.

The most recent example of this technique was last month's air drop of sophisticated arms over the Indian state of West Bengal from an AN-26 aircraft. The incident, which is still under investigation, caused a furor in India due to the ease with which the aircraft carried out its operation undetected by Indian Air Force radar. The delivery constituted the single biggest breach of air security since the country's independence nearly five decades ago.

But a Thailand-based source close to militant groups operating in India said that several arms suppliers in Southeast Asia now offer such services if the procurement orders are big enough. According to the source the only thing the suppliers ask for are detailed contour maps of the area in which the weapons are to be dropped. Using light, low-flying aircraft, the arms are dropped without detection to the exact spot requested by the militant groups.

Arms suppliers operating in Southeast Asia traditionally did not handle delivery, foreign intelligence officials here said, adding that this is the first time they have heard of such methods being used. "This is very surprising and shows the intense competition among arms suppliers for customers," said one official.

Thailand has been a regular sourcing point for arms by South Asian militant groups like the National Socialist Council of Nagaland and the United Liberation Front of Assam in India's northeast. Many of the arms are procured from rebel groups operating along the Thai-Myanmar [Burma] and Thai-Cambodia borders and taken in trucks to isolated points on the west coast of Myanmar or Thailand where they are loaded onto small seagoing vessels. After the shipments reach the Bangladesh coast, agents carry them into the Indian northeast. The Sri Lanka-based Liberation Tigers of Tamil Eelam, on the other hand, are known to buy arms in Singapore which are shipped directly to Tiger-dominated areas along the northern coast of Sri Lanka.

Apart from its proximity to South Asia, one of the major attractions of buying arms from suppliers in Thailand seems to be the low prices charged by rebel groups. The price of an AK-47 assault rifle is said to be as little as 1500 baht (US$60), compared to at least 10,000 baht in international markets, while standard ammunition sells for three to four baht a piece. The cost of a surface-to-air missile is believed to be around 100,000 baht.

Intelligence sources here however do not believe that the arms dropped last month over India, which included anti-tank and anti- aircraft guns, were procured from inside Thailand. The arms, they said, were too sophisticated and very difficult to get from rebel groups in this region.

Thailand has become involved in the case due to revelations that the aircraft that dropped the arms on the night of December 17 landed in Phuket, in southern Thailand, the next morning, and was parked there for three days. Eight members of the crew, six of whom were subsequently arrested by Indian authorities, stayed in Phuket town ostensibly to receive payments from an unknown source for carrying out the operations.

A greater possibility according to intelligence officials is that the arms were purchased from suppliers in Singapore or Taiwan, and Phuket was only a base of sorts. They said the five Latvian crew members and British pilot, arrested by Indian security forces when the aircraft reentered Indian air space after the arms drop, must have been mercenaries hired by whoever was behind the entire operation.

Central Bureau of Investigation officials in India announced that the Singapore police were looking for a certain Deepak Mishra in connection with the case. The bureau has put out arrest warrants for Daya Manickam Anand and Satyanarayana Gowda, also said to be involved in the case.

Japan

Foreign Minister Ikeda Stresses Ties With U.S.

OW1101172296 Tokyo KYODO in English 1711 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — Japan should cement relations with the United States for the sake of peace and stability in the world, new Foreign Minister Yukihiko Ikeda said Friday [12 January].

"Making Japan-U.S. ties stronger than ever is necessary to other Asian countries and the rest of the world," he told a news conference in the early hours of Friday morning, following the inauguration of the administration of new Prime Minister Ryutaro Hashimoto.

While expressing regret over the rape of an Okinawa schoolgirl in September, allegedly by three American servicemen, Ikeda, 58, contended that Tokyo and Washington should maintain their security alliance in the future.

He said Japan will strive to get tangible results from U.S. President Bill Clinton's state visit in April but evaded a question about making a trip himself to the U.S. in preparation for the bilateral summit in Tokyo.

Ikeda also expressed his desire to improve relations with Russia and North Korea, while citing the need to make ties with South Korea solid.

He acknowledged that Japan inflicted great pain on its Asian neighbors through its military aggression and colonial rule before and during World War II, noting it should put more energy into contributing to create a stable and peaceful world.

DA Chief Usui on Okinawa Issue, U.S. Ties

OW1201014196 Tokyo NHK General Television Network in Japanese 1634 GMT 11 Jan 96

[News conference by Hideo Usui, director general of the Defense Agency [DA], with unidentified reporters at the Prime Minister's Official Residence on 11 January]

[FBIS Translated Text] [Usui] I am Hideo Usui, newly appointed director general of the Defense Agency. My new assignments are related to the very foundation of the nation's existence, and I am strongly aware of the seriousness and heavy responsibilities of this important position.

In my opinion, Japan's defense policy must stick to the principle of exclusively defensive defense with respect to the constitution. We must not become a military major power which could be considered a threat to neighboring nations. Under such principles, we should build up a moderate defense capability in due observance of the Japan-U.S. Security Treaty and the civilian control principle. I sincerely ask for your understanding and cooperation. Thank you.

[Unidentified reporter] Regarding recent controversies on Okinawa, relocation of U.S. bases to the mainland is becoming a focal point. Could you tell us about the prospects for bases relocation?

[Usui] Approximately 75 percent of the facilities of U.S. Forces Japan are located in Okinawa, and the Okinawan people have had difficulties in bearing the important, but heavy burden for the last 50 years. Taking this into account, I think we must be fully aware of their suffering. Relocation of the bases to the mainland should be carried on in consultation with local governments concerned, and we will proceed carefully on the issue.

[Unidentified reporter] How will you deal with the United States on reduction and realignment of U.S. bases on Okinawa?

[Usui] As you are already aware, Japan and the United States have already agreed on reduction or realignment of some military facilities. We would like to do our best for actual implementation of the agreements.

[Unidentified reporter] What is your stance toward the maintenance of the Japan-U.S. security alliance in the post-Cold War period?

[Usui] The conclusion of the Cold War reduced the risk of global war. Looking at the world situation since the reconciliation between the United States and the former Soviet Union, however, regional conflicts are increasing in number. In addition, the situation in Asia is complicated. Under such circumstances, we must continue to firmly maintain Japan's defense capability.

[Unidentified moderator] Thank you very much.

[Unidentified reporter, interjecting] In connection with the so-called jusen issue, have you ever received donations from the housing loan lenders in question?

[Usui] Donations from the jusen companies? No, I have not received any money from them.

News Conference by Envoy to U.S. Cited

OW1701022696 Tokyo KYODO in English 0146 GMT 17 Jan 96

[FBIS Transcribed Text] Washington, Jan. 16 KYODO — Strategic U.S. decisions are the key to the issue of reducing the U.S. military presence in Japan which is being called for most strongly by the southernmost island prefecture of Okinawa, the new Japanese ambassador to the United States said Tuesday [16 January].

U.S. bases in Okinawa "will be reduced when the U.S. judges that there are no problems in proceeding with its responsibility under the U.S.-Japan security arrangement," Kunihiko Saito said in his first press conference here after replacing Takakazu Kuriyama late last year.

Considering the scale and nature of U.S. troops in Okinawa, Saito said, "The U.S. should be the one to decide with top priority as it is the one deploying the troops."

Saito also said, "There is no reason for the Japanese side to urge the U.S. to reduce (its overall 47,000 troop deployment in Japan) on the grounds it's too much."

He made the comments against recent remarks by U.S. Ambassador to Japan Walter Mondale, which called on Japan to decide on the relocation of U.S. troops in Okinawa to other parts of Japan.

Mondale said last week, "Where our troops are to be located in Japan is a question for the government of Japan to decide. So if they want to move some of them elsewhere, that would be fine by us."

Meanwhile, Saito suggested reduction of U.S. bases in Okinawa will be included in a joint statement to be announced during U.S. President Bill Clinton's rescheduled state visit to Tokyo in April.

"Discussions will be reflected" in the statement, Saito said in referring to ongoing consultations between the two nations in addressing the unabated public calls in Okinawa for a reduction of the U.S. military presence following the rape of a schoolgirl in September for which three U.S. servicemen are now under trial.

On the new Japanese Government under Prime Minister Ryutaro Hashimoto, Saito said, "I perceive that the United States is taking it positively with great hopes of presenting an extremely favorable situation for further solidifying the bilateral relationship."

The bilateral ties are "basically healthy, and there is no reason to be pessimistic over the medium- and long-term outlook," Saito said.

While noting some difficulties in economic and trade relations are likely to continue, Saito said the two nations should deal with problems calmly to prevent them from affecting the overall relationship.

Call for Abolishment of Security Pact Viewed

OW0701235696 Tokyo SANKEI SHIMBUN in Japanese 5 Jan 96 Morning Edition p 1

['Viewpoint' column, by Washington correspondent Yukio Kashiyama]

[FBIS Translated Text] The three principles of bilateral relations recently formulated by Japan and the United States are not particularly new concepts, as they have been carried out through daily talks between the two nations. Tokyo and Washington are playing them up because they intend to use the talks as a foundation for strengthening bilateral relations after redefining the Japan-U.S. Security Treaty, as Tokyo and Washington have officially said. However, their emphasis on the principles is also aimed at "making known the importance of Japan-U.S. relations to the people of the two countries, espcially to Americans" (according to a U.S. State Department source).

Because of growing anti-U.S. sentiment in Japan following the rape of a local schoolgirl in Okinawa, allegedly by U.S. servicemen, some U.S. citizens have urged "abolition of the security pact." Although their demand has yet to be supported by most American people, both the Japanese and U.S. Governments are very worried that the call will predominate among U.S. citizens in the near future.

Compared to the Japanese, Americans have little understanding of the importance of Japan-U.S. relations. Considering this, you cannot deny that what the two governments fear will actually happen.

By playing up the three principles, Tokyo and Washington hope to make known to the people of both nations, especially Americans, that Japan-U.S. relations are not only negative, as in trade disputes, but are imperative for the Asia-Pacific region and for world peace and prosperity. In this way, the two governments hope to prevent the call for abolishing the security pact from gaining momentum.

The two governments intend to include the three principles in a joint statement to be issued together with a joint declaration on security. Washington is considering a plan for President Bill Clinton to detail the principles to American citizens and stress their importance at a news conference, reflecting Washington's strong sense of crisis concerning maintenance of the Japan-U.S. security system.

Hashimoto Cabinet Approves Ikeda's Trip to U.S.

OW1701121996 Tokyo KYODO in English 1202 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — The cabinet of Prime Minister Ryutaro Hashimoto on Wednesday [17 January] approved a visit to the United States by Foreign Minister Yukihiko Ikeda beginning Thursday, government officials said.

"The Hashimoto cabinet sees the maintenance and expansion of sound Japan-U.S. relations as the top priority of its diplomacy," the Foreign Ministry said in formally announcing Ikeda's trip to Washington.

Ikeda is scheduled to confer with Secretary of State Warren Christopher and Defense Secretary William Perry, Foreign Ministry officials said. His meeting with President Bill Clinton is also a possibility.

The new foreign minister will lay the groundwork for Clinton's April 16-18 state visit to Japan and compare notes with senior U.S. officials on outstanding bilateral issues, including a potential reduction of the U.S. military presence in Okinawa Prefecture.

Hashimoto and Clinton are expected to issue a joint statement stressing the importance of the bilateral security alliance after their summit meetings in April.

The presence of U.S. Forces in Japan has been called into question since the rape of a 12-year-old schoolgirl in Okinawa in September, for which three American servicemen are on trial.

Friction in Passenger Service Talks With U.S.

OW1601002496 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Jan 96 Morning Edition p 5

[FBIS Translated Text] Friction has again arisen in the talks on passenger transport service, which follows talks on air cargo service. United Airlines (UA) of the United States lodged an "objection" against Japan Airlines' [JAL] application to the U.S. Department of Transportation [DOT] for approval of a new route to Hawaii. The U.S. DOT is to decide whether or not it will approve JAL's new route after hearing the opinions from the companies concerned. However, the issue will likely become a major source of friction between Japan and the United States, adding to the friction from deadlocked bilateral aviation negotiations on air cargo service.

JAL, which currently only flies to Honolulu (Oahu), has applied to the DOT for approval of its plan to open a route between Narita and Kona (Hawaii) to deal with an increase in the numbers of tourists from Japan and the situation in which Japanese tourists are now staying at various places on the Hawaiian Islands. JAL seeks the new route in place of a suspended route between Narita and Washington. The Japanese side has maintained that "because the flight rights for the new route was approved in the Japan-U.S. aviation treaty, the United States should naturally approve it," (as stated by the Civil Aviation Bureau of the Japanese Ministry of Transportation [MOT]).

The UA submitted a written protest dated 11 January to the U.S. authorities, claiming that it "will oppose the approval of JAL's application for the new route because the Japanese Government has rejected UA's application for a new route." In October 1995, the MOT put off an approval of the UA's application for a new route between Kansai International Airport and Seoul on the grounds that its passenger flights between Narita and Seoul violates the Japan- U.S. aviation treaty.

With the deadline for the negotiations on air cargo service set for the end of March, how will the U.S. DOT judge the claims made by JAL and UA? Depending on the judgment, both Japan and the United States will likely take a hard-line stance, including the possibility of studying retaliatory measures.

Expert Views Prospects for UNSC Membership

OW1201061296 Tokyo BUNGEI SHUNJU in Japanese Feb 96 pp 166-168

[Article by Okamoto Associates representative Yukio Okamoto: "Japan Can Never Be a Permanent Member of the UN Security Council"]

[FBIS Translated Text] So far, Japan has run in races for nonpermanent membership at the UN Security Council [UNSC] for a total of eight times and has won seven times. Japan lost once, and it was to Bangladesh. When that happened, the whole nation of Japan went into in an uproar. The people asked why Japan lost in the race, and they charged the Ministry of Foreign Affairs [MOFA] was negligent or was sloppy in election campaigning. Some said the ministry should rethink its economic cooperation programs.

But two years ago, when MOFA made a bid for permanent membership of the country on the UNSC, it was severely chastised by the ruling parties for doing so without consulting with the Diet in advance. MOFA's way of doing things at that time was sloppy, but as far as the ministry was concerned, it thought it would only be praised if it succeeded in winning a permanent membership on the UNSC. MOFA thought so because every time it sought a UNSC seat as a nonpermanent member in the past, it received encouragement from the nation. The ministry thought if Japan could become a permanent member of the council, it would save the country from the trouble of having to go through the process of running and getting elected every time there is an election. But strong arguments against such a position erupted out of the political circles, particularly the New Party Sakigake [Harbinger], and those arguments gained force even though the arguments did not make sense at all insomuch as this was like saying someone wanted to be a nonexecutive director (nonpermanent member of the UNSC) of a company but did not want to be a senior executive director (permanent member of the UNSC) of that company.

Essentially, there were two reasons cited for objecting to Japan gaining permanent membership. One reason given was that Japan would be obliged to shoulder heavier responsibilities [if it becomes a permanent member] while not gaining anything from it. Some politicians were even heard making remarks to the effect that if Japan had been a UNSC member in 1991 when the council decided on a sanction against Iraq, Japan would probably have suffered from Iraqi terrorist acts later on. Alas, when did Japan transform into this kind of country? If that is what the country really believes, it should stop presenting its views and positions in the international community altogether. Japan should not have joined the United Nations if the country, afraid of angering outlaws, had wanted other countries to do things for it. Japan should have stuck by the stance of becoming a neutral country, and should have chosen the path of Switzerland by not joining the United Nations.

The second reason cited is that Japan will be compelled to perform military roles. That notion is inaccurate. I will not dwell on specifics in interpreting the UN Charter here, but I would like to point out that the UN Charter does not require different obligations — including those for military purposes — for permanent UNSC members and non-permanent UNSC members.

But before we talk about the interpretation of the charter, there is a simpler thing we should talk about. I refer to the will of the nation. We should remember that we cannot do anything that is not allowed under our Constitution. That is all there is to it. We cannot send Self-Defence Forces [SDF] troops overseas to exercise force even if it were for the purpose of defending the country. Doing that will violate the Constitution. Doing that is impossible however many different ways one might use to stretch out the interpretation of the Constitution. So, that will simply not happen. That is all. What country in the world has done anything in violation of its own Constitution, pressured on by the United Nations? If Japan is still worried despite all this, and wants to issue a statement declaring "we will abide by our Constitution even after becoming a permanent UNSC member," Japan can go ahead and do that even though other countries will laugh at it. These countries take this understanding for granted.

No doubt, the argument that Japan "must not become a permanent member" is illogical. It is only too natural that Japan should become a permanent UNSC member, and should seek to have its policy positions accepted in the international community, with the help of the power that comes with being a permanent UNSC member. By becoming a permanent UNSC member, Japan should be able to present its positions on such issues as a ban on weapons transfer, the abolition of nuclear arms, environmental protection, and assistance to developing countries.

In fact, however, the real question is whether Japan can join the UNSC as a permanent member. I am pessimistic about it. I must say there is little possibility of Japan becoming a permanent UNSC member in the near future even if wants to. Given the condition, I must say the government must not stir up the people's expectations on it as it is doing now.

First of all, discussions on the UNSC reform are not making progress. There has been no agreement reached on the question of how far the UNSC permanent membership should be extended beyond adding Japan and Germany to it. Besides, Japan has not yet made a clear expression of its desire to become a permanent UNSC member although Germany has done so. Many in the ruling camp insist Japan "should become a permanent member only if recommended" [sui sareru] by other countries. The prime minister's speeches have been ambiguous as well in this respect.

The United Nations is not a township assembly where executive posts decided on by some assembly members urging on some other members to take the jobs. In the United Nations, if a member country wants to make a statement on what it wants, it must raise its hand to speak. I find it rather comical that those people who are talking about the "need to be recommended" by other countries — which is simply not done in the international community — should be members of the Diet. They are the same people who won their seats in the Diet by waging fierce battles in elections and by asking voters to "vote for me" in order to beat their rival candidates. They are the ones who should know better than any other people that they have to raise their hands to speak and present their stands.

But, after all, there is no need for me to buy antipathy from them by using malicious language about them. Japan will never get named to a permanent UNSC member anyway. Japan does not have as many friends to earnestly recommend it for UNSC membership as Japan thinks. In August this year, there will be vote to choose nonpermanent members of the UNSC, and Japan will be running for a seat on the council once again. Will it get elected for the eighth time for sure? I do no think so. In view of the given condition, the prospect of Japan winning is not certain. India will be running against Japan, and I am not so sure if Japan can win in the race. If Japan loses, that will prove to the whole world that the country, which wants to be named as a permanent member by the "recommendations" of other countries, has failed to get enough recommendations even to be a nonpermanent member. And I wonder how many countries will feel pity for Japan's failure. What Japan must do is stop dreaming about going to graduate school before going to undergraduate school. Japan must build up its academic record and be a good student to get accepted by an undergraduate school.

Minister on Resolving Northern Territories Issue

OW1701131196 Tokyo KYODO in English 1217 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — The Management and Coordination Agency's new director general, Sekisuke Nakanishi, says Japan and Russia must resolve their territorial dispute over four Russian-held islands northeast of Hokkaido to sign a bilateral peace treaty.

"It is highly regrettable that our own territories have not been returned 50 years after the end of the war," said Nakanishi, in an interview with KYODO news.

The four islands — Kunashiri, Etorofu, Shikotan and the Habomai group of islets — were captured by the Soviet Union at the end of World War II.

Nakanishi, a House of Representatives member from the Social Democratic Party, said the territorial row is the "most important bilateral issue" and that the Japanese Government needs public support to continue "tenacious diplomatic efforts."

As for promoting deregulation of Japan's economic and social systems, Nakanishi said they should be internationally open so that "a market mechanism can work efficiently."

He said it is difficult to show the effect of deregulation using measurement, and that the government will provide the public with "easy-to-understand information" on deregulatory measures.

Pakistan To Seek Investment, Increased Trade

OW1501120096 Tokyo KYODO in English 1110 GMT 15 Jan 96

[FBIS Transcribed Text] Islamabad, Jan. 15 KYODO — Prime Minister Benazir Bhutto leaves for Japan on Tuesday [16 January] for talks that will focus on security matters, increased Japanese investment in Pakistan and greater access to the Japanese market for Pakistani textile products and other goods.

It will be the first state visit to Japan by the 42-year-old Bhutto, who will be accompanied by her husband, Asif Zardari.

The couple will meet Emperor Akihito and Empress Michiko on Friday and will attend a court luncheon later in the day.

It will be Bhutto's second meeting with new Japanese Prime Minister Ryutaro Hashimoto, however, who visited Pakistan in January 1995 as minister for international trade and industry to discuss matters relating to trade.

Following Hashimoto's visit, Japan's Trade Ministry levied antidumping duties on Pakistani yarn exports in April 1995. The duties were to be levied for five years but to be reviewed annually, and Bhutto is sure to raise the question with her hosts.

During her stay in Tokyo, Bhutto will inaugurate an investors conference arranged by Pakistan's Board of Investment, to be attended by leading Pakistani and Japanese entrepreneurs.

Pakistan's efforts to attract foreign investment received a severe setback recently.

Local and foreign investors were informed by Pakistan's Board of Investment that all tax exemptions and concessions announced last year by the government for industries in 12 special industrial zones have been withdrawn under a package worked out by economic advisor V. A. Jaffery with the International Monetary Fund (IMF).

Pakistan is seeking $1.5 billion in assistance from the IMF, which wants Pakistan to cut down on tax exemptions and concessions that are greatly hampering the government drive to net additional resources.

The IMF is also reported to have asked Pakistan not to extend the tax exemptions in the country's sole export processing zone in Karachi which expire this fiscal year.

Bhutto said in a meeting with representatives of Japanese media in Islamabad last week that apart from many things in common in the two countries, "people in Pakistan and Japan love to eat rice."

Being a leading exporter of Basmati rice, Pakistan has let Japan know that it would like to be declared a source country for Japan's import of rice.

Pakistan's trade volume with Japan stood at $1.5 billion in fiscal 1994, and it received $600 million in aid from Japan the same year.

Japan has linked its aid to nuclear nonproliferation and has been urging Pakistan to sign the Nuclear Nonproliferation Treaty (NPT) and accept international safeguards on its controversial nuclear program. Pakistan maintains that it will sign the NPT if India agrees to do so.

Bhutto has said she would discuss with Hashimoto the security situation in the region, and particularly what she said are threats caused by the Indian nuclear program.

Pakistan and Japanese officials are in the process of identifying projects for 31st yen package expected to be signed during her visit to Japan. Some of the candidate projects include a light-rail transit system for Lahore, secondary schools under a social action program and the 1,800-megawatt Ghazi Brotha Hydro Dam project.

Pakistan Prime Minister Bhutto Arrives for Talks

OW1701023896 Tokyo KYODO in English
0217 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — Pakistani Prime Minister Benazir Bhutto arrived in Japan on Wednesday [17 January] to strengthen bilateral political and economic relations between the two countries.

Bhutto, 42, will confer with Prime Minister Ryutaro Hashimoto on Thursday and have an audience with Emperor Akihito and Empress Michiko on Friday, government officials said.

During her stay until Saturday, she will meet with Japanese business leaders and will also attend and address an investment conference Friday to attract further foreign investment in Pakistan.

Bhutto last visited Japan in February 1989 to attend the state funeral for the late Emperor Hirohito, posthumously called Emperor Showa.

Meets With Ikeda

OW1701151096 Tokyo KYODO in English
1503 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — Visiting Pakistani Prime Minister Benazir Bhutto said Wednesday [17 January] her country is only willing to join the Nuclear Nonproliferation Treaty [NPT] if India joins at the same time, Japanese officials said.

The officials said Bhutto made the remarks in a meeting with Foreign Minister Yukihiko Ikeda at a Tokyo hotel.

Ikeda called on Pakistan to join the treaty and cooperate in successfully concluding talks on the Comprehensive (Nuclear) Test Ban Treaty, the officials said.

Bhutto arrived in Tokyo earlier in the day for talks with Prime Minister Ryutaro Hashimoto and other political and business leaders.

Military Attache's Detainment by PRC Confirmed

OW1701032496 Tokyo KYODO in English
0314 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — A top government spokesman confirmed Wednesday [17 January] that a Japanese military attache has been detained in China, but declined to elaborate, saying Tokyo and Beijing are discussing the issue through diplomatic channels.

The attache is no longer under detention but is still in China, Chief Cabinet Secretary Seiroku Kajiyama said, adding that the attache was apparently together with a U.S. military attache when they were both detained.

Kajiyama, speaking at a press conference, did not give the name of the attache or the reason for the detention, saying only that the United States has said publicly that the Japanese attache was traveling with "official permission" and was not spying.

A U.S. Government source said Tuesday that Chinese authorities detained and later released a Japanese military attache in southern China last week.

The source said further information on the Japanese attache, including his name and his present whereabouts, was unavailable.

State Department Spokesman Nicholas Burns told reporters U.S. Air Force Attache Lt. Col. Bradley Gerdes, stationed at the U.S. Embassy in Beijing, was detained last Thursday while traveling in Guangdong Province "on official business" with "the permission of the Chinese Government," Burns said.

After being interrogated for nearly 19 hours, Gerdes was released on the following day and returned to Beijing last Saturday, he said.

Burns denied that the U.S. military attache was engaged in intelligence activities, saying, "I wouldn't describe it in any way like that. I would describe it as routine official business by a member of the U.S. Embassy."

Maetani 'Will Be Recalled'

OW1701045496 Tokyo KYODO in English
0450 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — A Japanese military attache will be recalled later this week in the wake of his detention in China for having entered a Chinese military site, a Foreign Ministry Spokesman said Wednesday [17 January].

The attache at the Japanese Embassy in Beijing, Kenji Maetani, was detained last Thursday while on an official mission in Guangdong Province in southern China, spokesman Hiroshi Hashimoto told a news conference.

Maetani was traveling with a U.S. military attache, who was also detained, the spokesman said, admitting that the two men did enter an off-limits Chinese military site.

Maetani was released Friday night but was asked to leave China on a voluntary basis by next Friday, Hashimoto said.

"It is quite regrettable such an incident has occurred," the spokesman said, suggesting Maetani will be recalled in compliance with the Chinese demand.

The spokesman said China claims the attache should go because his conduct violated three Chinese laws.

Hashimoto said Maetani and the U.S. attache entered the Chinese military site unintentionally while riding in a taxi.

Tokyo lodged a protest against Beijing for its detention and questioning of the attache, he said, arguing that it is a violation of an international rule aimed at protecting diplomats' activities.

In Washington, State Department Spokesman Nicholas Burns said Air Force Attache Lt. Col. Bradley Gerdes, stationed at the U.S. Embassy in Beijing, was detained last Thursday while traveling in Guangdong Province on official business with the permission of the Chinese Government.

After being interrogated for nearly 19 hours, Gerdes was released on the following day and returned to Beijing last Saturday, Burns told reporters.

Burns denied the U.S. military attache was engaged in intelligence gathering activities, saying, "I wouldn't describe it in any way like that. I would describe it as routine official business by a member of the U.S. Embassy."

Analysts Say Economy Turning Toward Recovery

OW1601124496 Tokyo KYODO in English
1230 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Japan's economy has finally turned toward recovery from a [word indistinct] year-long slump, although there are still fears that the severe employment situation and slow improvement in small businesses could put a damper on the upward momentum, analysts said Tuesday [16 January].

The analysts predicted the economic recovery would show a complicated pattern from now on, because it in large part stems from factors such as the shifting of production abroad by manufacturers and job-cuts in the course of corporate restructuring, and not from simple improvement of the economic climate.

The analysts said the economy is apparently turning to a favorable phase, judging from various economic indicators such as the October and November rises in industrial output from the previous months, the gradual increase in corporate capital spending, and the first pickup in new housing starts in nine months in November from a year earlier.

Consumer spending has also strengthened, with increasing sales of the so-called information-related electric appliances — such as personal computers, videocassette recorders and television sets — and with new car registration posting year-on-year rises of 11.1 percent in October, 7.0 percent in November and 6.0 percent in December.

Meanwhile, department store and supermarket sales remained "so- so," they pointed out.

In view of such bright signs, the Economic Planning Agency [EPA] said in its monthly report on the economic climate, issued Tuesday, "the economy appears to be emerging from its recent period of standstill, albeit gradually," the analysts noted.

They said, however, that the employment situation remained very severe, with the unemployment rate leaping to a postwar high of 3.2 percent last April, remaining around that level until October, then worsening in November to 3.4 percent.

The rapid appreciation of the yen against the dollar from the spring to the early fall last year has spurred manufacturers to restructure their businesses and move their production overseas where production costs are lower than in Japan.

This, along with the severe job situation, is making the economic recovery complicated, the analysts said.

Dai Hakozaki, a researcher at Sanwa Research Institute, said, "if you look at the details of corporate capital spending, a large part of the recent increase stems from investment in equipment and facilities to replace manpower."

"The shift to overseas production by large manufacturers and increased procurement of foreign materials and parts by corporations on the back of the strong yen, has forced domestic small businesses into a severe situation," he said.

"Though the overall corporate mind is recovering, and the yen's value against the dollar has been stable lately, the difficult situation in employment and small businesses requires close monitoring from here on," hakozaki said.

In December, an EPA survey reported confidence among small businesses continued to be depressed, with both sales and profit indicators showing negative scores.

Hashimoto Seen To Regain Financial System

OW1101155896 Tokyo KYODO in English 1538 GMT 11 Jan 96

[FBIS Transcribed Text] By Yoichi Kosukegawa Tokyo, Jan. 11 KYODO — The new government formed Thursday [11 January] by Prime Minister Ryutaro Hashimoto will have to tackle the difficult task of restoring confidence in Japan's financial system, damaged by a recent series of financial scandals.

The first hurdle for the new government is the issue of huge problem loans at housing loan companies, which is the centerpiece of global concerns over the health of the Japanese financial system.

"The new government will maximize its efforts to regain public confidence in Japan's financial system by settling such issues as ailing housing loan companies," Hashimoto told reporters after his government was inaugurated in a traditional Imperial Palace ceremony.

At the end of December, the cabinet of Prime Minister Tomiichi Murayama decided to use 685 billion yen from the general account budget to help cover losses stemming from the liquidation of seven struggling housing loan companies.

The decision has been widely criticized and the housing loan fiasco is expected to become the focus of the next ordinary Diet session that starts Jan. 22.

Hashimoto is certain to bear the brunt of attacks from the opposition camp on the issue, as he was finance minister when the ministry imposed a limit on lending by financial institutions to the real estate sector in March 1993 in a bid to cap spiraling land prices.

The lending restriction, however, did not cover housing loan companies and this is blamed for loose lending by those companies to real estate outfits.

"It would be difficult for the government to gain public understanding unless it clarifies who should take the blame for the issue and promotes disclosure of information about it," said Shusei Tanaka, who was appointed by Hashimoto as chief of the Economic Planning Agency.

But Wataru Kubo, new finance minister, avoided a specific commitment to the matter.

"It is difficult for the government to immediately answer who are to blame for the mortgage fiasco," Kubo said while making his first public appearance before reporters after being named to take the finance portfolio.

Hashimoto formally assumed the post of prime minister Thursday night, replacing Murayama, who last week abruptly announced his intention to step down.

At an extraordinary Diet session convened earlier in the day, Hashimoto was selected as Japan's 53rd prime minister with a majority vote by the three ruling coalition parties — his Liberal Democratic Party (LDP), Murayama's Social Democratic Party [of Japan, SDPJ] (SDP) and the New Party Sakigake [Harbinger], which is led by former Finance Minister Masayoshi Takemura.

The Hashimoto government will also promote efforts to make Japan's banking policy more transparent.

A policy accord reached by the ruling coalition calls for a full review of the current finance ministry-led system of financial administration, monitoring and management and work to establish the principle of self-responsibility and to create a new financial system with a high degree of transparency.

The proposed shift in Japan's financial policy reflects strong international criticism of the finance ministry's response to the case of a huge loss cover-up at Daiwa bank's New York branch.

Last summer, the ministry notified U.S. regulators of the losses from illicit bond trading, but it was more than six weeks after the ministry obtained information about the incident from Daiwa bank.

As a result, ministry officials were accused of having encouraged daiwa bank to conceal the losses from U.S. regulators.

If the Hashimoto government fails to establish a new financial system, the argument may regain momentum that the finance ministry should be broken up and reorganized since it has too much power, economists said.

On the macroeconomic side, meanwhile, the Hashimoto government will make efforts to put the Japanese economy on a firm recovery path.

With bright signs emerging in the economy, including a pickup in personal consumption and an improvement in corporate business confidence, there are growing expectations that the economy will get on a moderate recovery path in early 1996.

The Hashimoto government will aim at steadily implementing measures included in a record 14.2 trillion yen economic stimulative package adopted by Japan last September.

But economists said the situation will not allow much optimism.

If the dollar, which is currently showing stability above 100 yen, renews its downslide, the scenario for economic recovery in early 1996 could collapse, they said.

Masaru Takagi, chief economist at the Fuji Research Institute, said, "the government may be forced to map out a new set of economy stimulation measures in the second half of 1996, depending on the economic situation."

On the fiscal and tax policy, the three governing parties have agreed to raise the consumption tax rate from the present 3 percent to 5 percent in April 1997.

But finance ministry officials voice worries over the course of the tax plan, since new finance minister kubo took the lead in submitting a bill to scrap the tax when his SDP was in the opposition camp.

Reflecting a wide gap between expenditures and revenues, Japan will be forced to issue more than 21 trillion yen in deficit-financing bonds for its fiscal 1996 budget, bringing the balance of government bonds to about 240 trillion yen, equivalent to some 49 percent of the nation's gross domestic product.

How to review government spending and reconstruct a strong fiscal situation will be another difficult task for the Hashimoto government.

During the cabinet meeting, Kajiyama urged the ministers not to get involved in corruption, he told a subsequent press conference.

All cabinet members agreed to reveal their assets and those of their family members to the public in mid-February, restrain from dealing in shares, real estate and golf course memberships, and to refuse corporate positions, Kajiyama said.

They also agreed to be careful not to incur public suspicion by their contacts with industry, by being given unlisted shares or by giving speeches at companies, he said.

The cabinet ministers, however, failed to reach a consensus on remarks about Japan's wartime deeds, as was the case at the first meeting in June 1994 of the cabinet of Hashimoto's predecessor, Tomiichi Murayama.

The ministers know very well how they should talk about Japan's wartime behavior, he said.

"Individual opinions vary a good deal...I hope they will be careful about their remarks so the national interest will not be harmed," he said.

Several Japanese ministers have been dismissed in the past over remarks attempting to justify Japan's invasion and colonization of Asia.

Hashimoto released a statement asking for public support for his new administration, vowing to stake his political fate on resolving stated priorities, putting stress on "decision and responsibility."

The prime minister said he will seriously study what the Japanese Government needs to do for the future of the country and peace and prosperity of the world, and will implement necessary reform under "strong political leadership."

Hashimoto will hold his first press conference as premier at 2:15 PM Friday [12 December].

Premier, Ministers Scheduled To Meet on Jusen

*OW1601041096 Tokyo KYODO in English
0326 GMT 16 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Prime Minister Ryutaro Hashimoto said Tuesday [16 January] he will hold a meeting with economic ministers Friday to discuss the problem of housing loan companies [jusen], the top government spokesman said.

At Tuesday's cabinet meeting, Hashimoto instructed the related ministers to prepare data on five major issues involving the virtually bankrupt mortgage companies, Chief Cabinet Secretary Seiroku Kajiyama told a news conference.

The data will include the outstanding balances of debts at the seven housing loan firms to be liquidated under a government scheme involving the controversial use of public funds, Kajiyama said. The purpose of the meeting is to disclose information on the thorniest issue facing the new government ahead of the opening of the ordinary Diet session on Jan. 22, political observers said.

The previous coalition government led by Tomiichi Murayama, in which Hashimoto was trade minister, came under fire for its decision to use 685 billion yen in taxpayers' money for the liquidation plan.

Hashimoto asked the finance and farm ministers to clarify the data on the housing loan companies, Kajiyama said.

He quoted Hashimoto as saying that transparency on the financial situation of the mortgage firms should be promoted as much as possible to win public understanding on the government scheme.

More on Scheduled Jusen Meeting

OW1601051996 Tokyo KYODO in English
0444 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Prime Minister Ryutaro Hashimoto asked the finance and agricultural ministers Tuesday [16 January] to disclose data on troubled housing loan companies for a meeting on the issue of economic ministers Friday, the top government spokesman said.

At Tuesday's cabinet meeting, Hashimoto instructed Finance Minister Wataru Kubo and Minister of Agriculture, Forestry and Fisheries Ichizo Ohara to prepare financial data on the seven virtually bankrupt mortgage companies, including their outstanding balances of bad loans, Chief Cabinet Secretary Seiroku Kajiyama told a news conference.

He said Hashimoto told cabinet members that there must be as much transparency in the issue as possible in order to win public understanding of a controversial government scheme to use 685 billion yen of taxpayers' money for the liquidation of the housing lenders.

Hashimoto asked Kubo and Ohara to encourage the housing loan companies to disclose relevant information ahead of the Jan. 22 opening of the ordinary Diet session, Kajiyama said.

Besides data on the mortgage companies, information should be disclosed on the finances of agricultural-affiliated financial institutions, the largest group of the mortgage companies' creditors, Kajiyama quoted Hashimoto as saying.

The previous coalition government, led by Tomiichi Murayama, in which Hashimoto was trade minister, came under fire for its decision to use public money for the liquidation plan.

Farm Minister Ohara said at a separate press conference that he will present information on the financial condition, including balance sheets, of farm-related financial institutions to the Friday ministerial gathering as instructed by Hashimoto.

Finance Minister Kubo also expressed his intention to positively disclose related data, though noting there was a problem of protecting privacy.

Information to be disclosed includes accounting data of the seven housing loan companies, the present situation of their bad loans in terms of large-lot borrowers and collateral involved, lists of former Finance Ministry officials and executives of founding banks employed at the mortgage companies, balance sheets of the Norinchukin Bank, the core institution for agricultural cooperatives and the financial state of agricultural financial institutions.

Data on each housing loan company is expected to be used to cope with opposition parties' calls for establishing criminal and administrative responsibility for the issue at the next ordinary Diet session, political observers said.

The government seems to have judged it advisable to disclose the information on farm-related financial institutions because of charges that public money is being used to rescue those institutions, the observers said.

At the next Diet session, Hashimoto is expected to face calls to take responsibility for the housing loan fiasco because he was finance minister when the ministry imposed a limit on lending by financial institutions to the real estate sector, they said.

Exempted from such limits, the home mortgage companies actively boosted their lending to realtors, resulting in the current crisis after the burst of the speculative "bubble" economy.

Kubo Discusses Jusen Loan Problem, Tax Issues

OW1601124296 Tokyo ASAHI SHIMBUN
in Japanese 13 Jan 96 Morning Edition p 2

[Interview with Wataru Kubo, deputy prime minister and concurrently finance minister, by ASAHI SHIMBUN; place and date not given]

[FBIS Translated Text] [ASAHI SHIMBUN] Why did you accept the position of finance minister when the Finance Ministry is under such heavy fire?

[Kubo] When things do not turn out right for a politician, his career will certainly end up in flames. I always keep that in mind.

[ASAHI SHIMBUN] Were you hoping to become a finance minister?

[Kubo] I never thought I was qualified for this position. I was not even directly consulted on the matter until the afternoon of 11 January (the day that cabinet appointments were made), nor was I ready to accept the proposition. However, Mr. (Ryutaro) Hashimoto called me on the phone and insisted, saying: "Go for it, Mr. Kubo."

[ASAHI SHIMBUN] Why did you accept?

[Kubo] Since the ruling parties agreed on a policy platform, somebody would have to take over the job anyway. I simply try to think that if I should fail, then it is all over for me.

[ASAHI SHIMBUN] How do you intend to explain to taxpayers about the plan to use their money in liquidating housing loan companies'(jusen) bad loans?

[Kubo] What do you think would happen if the government froze the plan to extend 680 billion yen or this money is deleted from the draft budget? I do not think politicians should just simply ignore the jusen issue. Perhaps it is not the best solution, but pouring in tax money at this point (and protecting the financial system) would serve in the best interest of the people.

[ASAHI SHIMBUN] Is it not possible that additional public money would have to be poured in?

[Kubo] That is possible.

[ASAHI SHIMBUN] How will the new administration ride out the upcoming Diet session?

[Kubo] Should a special committee be set up in the Diet, relevant officials should be summoned before the committee to testify as sworn or unsworn witnesses, and thorough debates should be held.

[ASAHI SHIMBUN] Ichiro Ozawa, president of the New Frontier Party [Shinshinto], plans to strike at the responsibility of agricultural- affiliated financial institutions in regard to the jusen issue, saying: "It is not right to give preferential treatment to agricultural-affiliated financial institutions."

[Kubo] Agricultural-affiliated financial institutions have an important role to serve as financial institutions for agricultural households. However, they were destined to be targets of streamlining efforts even had there been no jusen issue. It was decided that 530 billion yen would be the maximum amount that they could be expected to give up on their bad loans. This is not preferential treatment.

[ASAHI SHIMBUN] It is necessary to clarify who should be held responsible since tax money is to be used.

[Kubo] Naturally, banks and agricultural cooperatives will be held responsible for their mismanagement. It is also necessary to thoroughly clarify administrative and political responsibilities. Above all, however, it is necessary to hold borrowers responsible for the problem. Social order cannot be maintained if debtors are allowed to go free simply because the bubble economy has collapsed. If there are people trying to leave their bad debts behind and run away, it may be necessary to resort to legal means to recover these debts. Should they refuse to comply, it will be necessary to penalize them.

[ASAHI SHIMBUN] In that case, do you not think that financial institutions should be reorganized so that their inspection and supervisory functions can be designated to external bodies?

[Kubo] That has been suggested, but I doubt the effectiveness of such a scheme. We cannot necessarily say that promptly setting up separate bodies would be desirable.

[ASAHI SHIMBUN] Mr. Kubo, in the past, you have, as a representative of the Social Democratic Party of Japan [SDPJ], expressed opposition to the creation of the consumption tax. Have you reversed your position, saying now that "the consumption tax will have to be raised to five percent?"

[Kubo] Considering the shortcomings of the consumption tax in terms of the system itself, I still feel the same way about it as I did when I argued in the Diet about abolishing it. However, in consideration of managing the nation's finances, the SDPJ, as a member of the ruling coalition, has been unable to propose an alternative revenue source to replace the consumption tax. The plan to raise the consumption tax to five percent is a result of compromises that ruling parties had to make. As long as we remain in the coalition, we have to respect accords made among the ruling parties.

[ASAHI SHIMBUN] Is there any possibility that the consumption tax will come under further review?

[Kubo] If we want to change the tax rate, it will be necessary to pass an amendment by the end of September. Therefore, we plan to promptly review the matter. However, considering how we can secure revenue to cover social welfare costs as Japan is approaching an aged society, it will be extremely difficult to lower the tax rate below five percent.

[ASAHI SHIMBUN] In some quarters of the SDPJ, critical remarks have been raised saying that by accepting the post of finance minister, you have virtually given up on the plan to create a new party.

[Kubo] When Mr. Morihiro Hosokawa formed his party (the former Japan New Party), it was like building a new store in the middle of nowhere, and people flocked to the store even though they were not sure what the store had for sale. The SDPJ cannot create a new party in the same manner. We have built a tradition over the past 50 years, and that will remain. I have come to painfully realize that it is difficult to change the party into something completely new. However, we have finally overcome the difficult phase, and efforts are now in full swing toward the creation of a new party. It appears in reports that I have lost in the struggle for the creation of a new party, but what you see here proves the opposite holds true.

Kubo Says No to Additional Consumption Tax

OW1101170596 Tokyo KYODO in English
1656 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — New Finance Minister Wataru Kubo said in the early hours of Friday [12 December] that the government under newly elected Prime Minister Ryutaro Hashimoto will not make another boost in the consumption tax after its planned hike to 5 percent from the current 3 percent in April 1997.

"The Japanese economy is not in a situation that allows the tax to be raised above 5 percent," Kubo said in his first press conference after the Hashimoto government held its first cabinet meeting around Thursday midnight.

Kubo stressed the need for the government to take utmost efforts to rebuild Japan's fiscal conditions.

"The finance ministry should use its wisdom to promote (fiscal) reforms," Kubo said.

Kubo described the current fiscal situation as "in a crisis," a phrase recently used by his predecessor Masayoshi Takemura, citing the fact that Japan's outstanding balance of government bond issues accounts for nearly half of its Gross Domestic Product (GDP).

Kubo also expressed worries that a significant amount of debt-serving costs has made a smooth budget compilation for policy measures difficult.

Kubo Sees Yen-Dollar Rate in 'Orderly Reversal'

OW1701100896 Tokyo KYODO in English
0932 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — Finance Minister Wataru Kubo said Wednesday [17 January] the dollar's recent advance against the yen is part of the "orderly reversal" process supported by the Group of Seven (G-7) industrialized nations at their meeting in October.

"Yen-dollar exchange rates are still in an orderly reversal process," Kubo said at a press conference.

"The dollar's advance above 106 yen earlier in the day happened in the direction reaffirmed by the G-7 nations last October," he said.

Kubo also said he wants to exchange views on the future course of the foreign exchange market with his G-7 counterparts at a meeting in Paris on Saturday.

At their meeting last April, the G-7 finance ministers and central bankers called for an "orderly reversal" of the dollar's fall against the yen and other major currencies. The top G-7 finance officials reaffirmed the direction at their meeting last October.

EPA Chief on Administration's Economic Policy

OW1601123096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 15 Jan 96 Morning Edition p 5

[Comments by Shusei Tanaka, director general of the Economic Planning Agency, in response to questions by NIHON KEIZAI SHIMBUN on the economic policy of the new administration of Prime Minister Ryutaro Hashimoto]

[FBIS Translated Text] **Changing the Consumption Tax Rate**

Our plan is to raise the consumption tax rate to five percent (in April 1997 from the current three percent). However, to gain public understanding on this matter, it will be necessary to implement drastic administrative and fiscal reforms over the medium and long term. We must also conduct thorough debates at the public, Diet, and government levels to pave the way for such administrative and fiscal reforms. It would be improper to manipulate only the tax system without correcting the fiscal structure merely because the government expects to face revenue shortfalls.

Views on the Current State of the Economy

Currently, the economy is showing some signs of recovery. It appears that in the future, this recovery will become real. The new administration must ensure that this bright trend will take a definite course. Sakigake [Harbinger Party] will serve its role in this effort. It will be important to have the FY96 budget promptly enacted and steadfastly executed. The government targets a 2.5-percent real growth for FY96, and this figure is well within reach.

Traditional pump-priming measures cannot solve all problems, including the critical employment situation. In that sense, it will be important to help create new industries by relaxing regulations. Some deregulatory measures can promptly stimulate the economy. Relaxing some regulations that currently restrict market access can immediately lead to investment in plant and equipment.

The Problem of Structural Reform

Currently, the problem is the lack of new technological developments that can help boost the economy. New technologies can create new industries and new jobs and promote structural reform. What we need to do now is to lay the groundwork so that businesses can grow smoothly when new technologies come out.

Daiwa's New York Chief Pleads Not Guilty

OW1101161096 Tokyo KYODO in English 1603 GMT 11 Jan 96

[FBIS Transcribed Text] New York, Jan. 11 KYODO — A former New York branch manager of Japan's Daiwa bank pleaded not guilty Thursday [11 January] to a U.S. federal prosecution charge that he conspired to defraud U.S. regulators by helping to hide $1.1 billion in losses accumulated by a branch trader over an 11-year period through unauthorized deals.

In an arraignment at the New York Federal District Court, Masahiro Tsuda, 54, also denied a charge of failure to report a felony.

Tsuda was arrested and first brought up on charges Nov. 2, which led to an indictment against Daiwa bank and an order by the Federal Reserve Board to close its 15 branches in the United States by Feb. 2.

If convicted, he could be jailed for up to eight years and fined $500,000. After Tsuda surrendered to the federal authorities Nov. 2, he was freed on a $500,000 bond.

Tsuda quit the Japanese bank Nov. 2, the very day the Fed ordered it to get out of the U.S. over allegations that he ordered the trader, Toshihide Iguchi, 44, to cover up the losses by falsification of financial records.

Iguchi was arrested Sept. 23 and later pleaded guilty to fraud, cover-up and embezzlement charges. Sentencing is forthcoming.

The indictment, made Dec. 27, said that Tsuda failed to report Iguchi's crimes to the Fed between late July, when he first learned about the losses, and September, when the Japanese finance ministry alerted U.S. regulators to the bond-trading loss.

The indictment alleged that Tsuda met with Iguchi and other senior managers at a New York hotel and Tsuda's manhattan apartment to discuss how to hide the losses from the U.S. banking regulators.

It said Tsuda proposed hiding the losses by transferring them to the bank's Cayman Islands subsidiary.

It also alleged that he asked a Daiwa bank employee to devise a way to repurchase the U.S. treasury securities which Daiwa bank's customers had entrusted to the bank but which Iguchi had sold off without their permission in a bid to make up for the losses.

Such operations were conceived to give the false impression that the losses had taken place elsewhere, the indictment says.

Prosecutors alleged that Tsuda ordered the postponement of the bank's in-house audit at the New York branch, slated for late August, by instructing Iguchi to take a vacation so that the losses would not come to light.

Iguchi did not take a vacation but went to Tsuda's apartment to discuss the matter with a small team of Daiwa bank managers which reviewed all the records of his trades, the indictment says.

The indictment alleged that two Daiwa bank employees repeatedly told Tsuda that U.S. laws obligated the bank to report the losses to the Fed, a warning which Tsuda rejected.

On Dec. 27, Tsuda's lawyer, Stanley Arkin, refuted the charges as "unwarranted and unjustified" in a statement, which said Tsuda merely sought to act "consistently with what his employer and the Japanese Ministry of Finance determined was the only appropriate course here."

The statement said Tsuda simply acted in accordance with the intention of the ministry and the Daiwa bank management that "a thorough investigation of Iguchi's loss be conducted before" they filed a report with U.S. banking regulators.

Farm Lenders Urged To Increase Disclosures

OW1201095296 Tokyo KYODO in English 0934 GMT 12 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — New Agriculture Minister Ichizo Ohara said Friday [12 January] he will urge agricultural financial institutions to disclose bad loans and other information in connection with the planned liquidation of financially troubled housing loan companies.

Agricultural financial institutions, which have made large loans to housing loan companies, should also strengthen their internal review systems for the extension of credit, Ohara said in an interview with KYODO news and other news organizations.

He said although farm lenders are not absolved of responsibility for the liquidation of the loan companies, it was difficult for them to select borrowers during the economic boom years of the late 1980s.

While farm lenders are required to shoulder 530 billion yen for the liquidation of the housing loan companies, Ohara said asking them to contribute any more to the liquidation plan would force them to go bankrupt.

Regarding a series of financial scandals such as Daiwa Bank's alleged cover-up of U.S. bond trading losses at its New York branch, Ohara said the management of the banks should step down if they cannot find any wrongdoing themselves without investigation by monetary authorities.

Banks Asked To Donate 1 Trillion Yen for Jusen

OW1101162396 Tokyo KYODO in English
1612 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — The Finance Ministry proposed Thursday [11 January] that commercial banks donate up to 1 trillion yen to cover losses that could be incurred by a vehicle that will take over loans to seven moribund housing loan companies [jusen] due to be liquidated.

The draft scheme, presented by the ministry to the banks which founded the seven companies, envisages that about 900 billion yen of the 1 trillion yen will be used to create a special fund in deposit insurance corp., ministry sources said.

The special fund will be managed for 15 years at an annual interest rate of 3 percent, and its investment return of about 400 billion yen will be used to help cover losses that could emerge in the process of loan collection by the vehicle, they said.

Such losses are currently estimated to total at least 1.2 trillion yen.

The ministry also expressed its readiness to cover half the expected losses with funds from the government's general account budget, the sources said.

Of the 1 trillion yen from the private sector, 100 billion yen will be injected into vehicle as part of its capital, they said.

In a bill to be written for the liquidation of the housing loan companies, the ministry will stipulate that contributions from the private sector to the special fund should be limited to about 1 trillion yen, the sources said.

The step is intended to remove worries among commercial banks that they will be required to make further donations, they said.

The fresh scheme also calls for the founder banks, agricultural financial institutions, the largest creditor groups for the housing lenders, and other creditor banks to extend low-interest loans totaling 6.5 trillion yen to the vehicle, the sources said.

The vehicle will use the proceeds to finance purchases of problem loans to be left after the dissolution of the seven housing lenders, the sources said.

The interest rate on the loans, one-third of which will be extended by each of the three groups, will be set at a level equivalent to the short-term interbank rate plus about 1 percent of premium, the sources said.

The founder banks are expected to tell the ministry as early as next Wednesday whether they will accept the draft scheme.

At the end of December, the ministry set up a liquidation framework for the housing loan firms involving the use of taxpayers' money to help cover write-offs of loans deemed impossible to recover.

It remained undecided how to deal with losses that could emerge for the new vehicle.

Minutes Showing 'Arguments' Over Jusen Obtained

OW1701100496 Tokyo KYODO in English
0943 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — A blue-ribbon government panel fell into an imbroglio before endorsing a plan to permit the use of public funds to liquidate financially troubled housing loan companies [jusen], according to the minutes of the advisory group's meeting obtained by KYODO news on Wednesday [17 January].

The revelation of the minutes is thought certain to affect deliberations on the liquidation of housing loan companies, the biggest issue in the ordinary Diet session that starts on Jan. 22, analysts said.

On Dec. 22 last year, then Finance Minister Masayoshi Takemura received the final report from his advisory panel, the Financial System Research Council, saying the use of taxpayers' money worth 685 billion yen for the liquidation of the housing lenders, as recommended by the government and the three-party ruling coalition, is inevitable.

After submitting the report, Ryuichiro Tachi, the council's chairman told reporters that the use of public funds was unanimously approved by the panel's subcommittee that prepared the report.

But the minutes of the subcommittee's meeting earlier in the day show members had heated arguments on the issue.

For example, a member from business circles complained that the liquidation plan, drafted by the Ministry of Finance (MOF), does not clarify the responsibility of agricultural financial institutions for their heavy lending to housing loan firms, though they will benefit most from the use of taxpayers' money as it will reduce their liquidation-related financial burden to 530 billion yen from more than 1 trillion yen.

Another member representing consumers said the public does not understand why only agricultural financial institutions' liquidation-related burden should be reduced, adding that the decision to use public funds should be shelved and more discussions be held to win popular understanding.

Yoshimasa Nishimura, head of the MOF's Banking Bureau, replied the planned use of public funds is not designed to benefit agricultural lenders.

He also said taxpayers' money will be used to fill gaps that are not covered by the banks that founded housing loan companies, as well as other banks and farm lenders.

A member from the agricultural industry said financial burden resulting from the liquidation of housing loan companies should be assumed by founder banks.

Tachi said the decision to use public funds was made to protect Japan's financial system, although farm lenders are not free from the responsibility of housing loan companies' failure.

But he added discussions on farm lenders' responsibility should not go further at the subcommittee meeting.

Analysts pointed out that the liquidation plan was prepared under pressure from lawmakers concerned about the strong influence of agricultural voters, saying the decision to reduce farm lenders' financial burden was made without reason.

In a bid to win taxpayers' support for the liquidation scheme, Prime Minister Ryutaro Hashimoto said farm lenders should disclose information on bad loans to housing loan firms and their own financial conditions before the coming Diet session.

But the analysts said the problem of housing loan companies should be blamed on the MOF, past finance ministers including Hashimoto, founders and all other parties concerned.

Accordingly, the government should disclose relevant information in detail, while the Diet is required to clarify objectively the responsibilities of parties involved, they added.

Paper Urges Thorough Probe Into Jusen Issue

OW1701105696 Tokyo MAINICHI SHIMBUN in Japanese 12 Jan 96 Morning Edition p 5

[Editorial: "Responsibility Must Be Clarified on Jusen Issue"]

[FBIS Translated Text] In managing the economy, there are some important tasks for the Hashimoto administration to carry out.

Among them, what is the most impending task is to settle the issue concerning housing loan corporations [jusen]. Late last year, in the final stage of compiling the fiscal budget, a decision was made to introduce public funds amounting to approximately Y685 billion to liquidate jusen. Since then, public attention on this issue has been growing.

Many taxpayers express irritation, saying "Why does the government have to help financial institutions affiliated with the Ministry of Agriculture, Forestry and Fisheries [MAFF]?" and "How and who will take responsibility?"

Underlying their doubts is the unclear process of making the decision. Although the jusen issue is expected to be the focus of interpellation at ordinary Diet sessions, which are to begin on 22 January, what is required of the Hashimoto Cabinet is not to take a stand of merely adopting the budget bill, but to fulfill its obligation to respond to the voice of the people.

We think that there are three points the government has to basically apply in dealing with the jusen issue.

First, the government has to clarify where responsibilities lie. The government should make a thorough probe into the cause of the issue while pursing the responsibilities of banks which are the founders of the jusen, managers of financial institutions affiliated with MAFF, and government officials who are involved in the administration of MAFF-affiliated banks. Without taking these steps, the government is not permitted to apply public funds, taxes.

Secondly, the purpose of introducing public funds has to be reconfirmed. What will be relieved is the financial system, not failed financial institutions. If there should emerge something that deviates from such a principle, it would cause a moral-hazard and lead Japan's economy to fall into a helpless condition.

The third point is that the government should not shelve the settlement of the issue. As most of the uncollectible bad debts are real estate, the amount of such bad loans would drop if land prices increase, likewise the amount would increase if land prices drop in the future.

For that reason, there is a possibility of the government being tempted to shelve the jusen issue while being optimistic about the prospects for the economy and without having a clear view. However, it is clear that if the government fails to take appropriate measures, the nation's economy would fall into a miserable state like the financial crisis in the Taisho era [1912-26] and like the one in the United States, wherein the U.S. Government took measures to liquidate the savings and loan associations (S&L).

Prime Minister Ryutaro Hashimoto and Finance Minister Wataru Kubo should strictly observe these three points. Unless they are observed, the government will not be able to win tax payers' support on the decision to introduce public funds.

There are other tasks to carry out in managing the economy, and among them, we would stress the importance of the employment issue.

Last November, the unemployment rate was 3.4 percent, the lowest level in history. Industries' restructuring efforts have entered the final stage, and they are about to give momentum to their efforts to give jobs to "their employees, particularly white-collar workers, who have nothing to do in the company" — the number of these employees is said to be 2 or 3 million.

Although the economy seems to be in a phase of gradual recovery, we don't think such a move by industries toward making adjustments in employment will change soon.

European nations and the United States, particularly European nations, are still suffering from high employment rates in spite of economic recovery. We think Japan is beginning to face the same crisis.

In an announcement released during the election campaign last autumn for the presidency of the Liberal Democratic Party, Prime Minister Hashimoto referred to the employment issue and stressed the need for taking measures, saying: "I will make efforts to create jobs in new industries and promote the best use of competent people while facilitating labor turnover."

His view is correct. What is important is to take action. We hope that every measure possible will be taken to create jobs.

Panel Backs Market Price System for Derivatives

OW1601124596 Tokyo KYODO in English 1211 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — A government panel Tuesday [16 January] threw its support behind the proposed introduction of a market price-based accounting system for derivative transactions, Finance Ministry officials said.

The subcommittee of the Financial System Research Council, an advisory panel to the finance minister, urged the government to take necessary steps to introduce the system into trading in interest rate swaps and other highly sophisticated financial tools, it said.

A ministry official said the government is seeking to apply the market price-based accounting system from the business year, which begins in April 1997.

With that in mind, the government plans to present to the ordinary Diet session, which begins Jan. 22, bills to amend the banking and other related laws as well as to allow the introduction under the existing commercial code as an exceptional case, the official said.

Despite rapidly expanding derivative transactions, they are currently treated as off-the-book trading.

Following a series of revelations of investment failures in derivative products, including the collapse of the British Merchant Bank Barings PLC, there have been growing calls for promoting the disclosure of information on such transactions.

At Tuesday's meeting, the subcommittee basically welcomed the recommendation by a study group of the Fair Trade Commission (FTC) that a ban on holding companies in Japan be partially lifted, ministry officials said.

But some subcommittee members called on the FTC to introduce the envisaged holding company system in a flexible manner so that global competitiveness of Japanese financial institutions is increased, they said.

Import Market for Prefabricated Houses Viewed

OW1601065596 Tokyo KYODO in English 0638 GMT 16 Jan 96

["News Focus: Imported Prefab Houses Gain Attention in Quake-Hit Kobe"]

[FBIS Transcribed Text] Osaka, Jan. 16 KYODO — On an artificial island off Kobe, high-quality Western-style houses imported from the United States and other countries stand in a sharp contrast to the basic, Japanese temporary housing built nearby for people who lost their homes in the January 1995 great Hanshin earthquake.

In view of the increasing interest in ready-to-build imported houses, the government of Hyogo Prefecture — of which Kobe is a part — is now constructing a display site of imported houses on Rokko Island.

With a total of 34 model houses brought from the U.S., Canada and four other countries, the site will be the largest of its kind in Japan, Hyogo Government officials said.

Although construction is still under way, with the formal opening set for March, the site has been opened on weekends since late last year.

"The place is packed with more than 300 people on a day with a good turnout," one of the officials said.

The main attraction of ready-to-assemble imported houses is considerably reduced costs thanks to the yen's strength against the dollar, according to industry analysts.

On average, the construction cost for imported high-quality prefabricated houses is now in the 300,000 yen level per 3.3 square meters, down from the 700,000 yen level at the height of the "bubble" economy in the late 1980s.

That compares with costs in the 400,000 yen level for the most popular type of domestically made prefabricated homes.

Another attraction is that the prefabricated houses can be put up faster than conventional Japanese wood-frame structures as it is just a question of assembling finished standardized parts which are shipped in a package.

Many of the visitors to the new home display site live in temporary housing, according to a salesman of a Miyazaki-based house importer which is setting up a model home for display.

"They check all aspects of the houses, to say nothing of quake- resistance... [ellipses as received] the thickness of walls and floors, and window structures," said the salesman, adding the house he is selling is of higher quality than domestically made houses of a similar type in the same price range.

According to the Hyogo Government, there are about 48,000 families living in city-provided temporary housing at present.

With those who found temporary accommodation in vacant public apartments, there are an estimated 125,000 families in need of new homes in Kobe and the quake-hit surrounding areas.

Considering their lower costs and the shorter construction period, imported prefabricated houses could account for 5,000 to 10,000 of the number needed, industry sources say.

An official at Sumitomo Corp.'s Kobe branch said the cost of imported houses could fall another 20 percent to 30 percent if the central government eased regulations on such imports.

At present, Japan approves houses which have wooden parts meeting the Japanese standards. Those parts tend to cost more, he said.

Aside from the issue of meeting the need for housing among quake victims, the imported-home business offers fresh opportunities for local entrepreneurs whose businesses were damaged by the quake in one way or another.

Takahiro Shibata, head of the Hyogo Government's Housing Department, said the prefectural government will set up a window in a building next to the display site to provide advice and information about the imported-housing business.

The department will also organize training sessions and seminars for local construction industry people to teach them how to build imported kit houses.

"The prefectural government plans to make this place the center for the imported-housing business in Japan," Shibata said.

Makoto Shimizu, chief of the project department at Osaka-based Kuriyama Corp., an importer specializing in foreign houses that is also preparing a model home on the site, said, "I have a real feeling of strong demand in the quake-hit area for imported houses. It is a true opportunity to expand our business."

Hiroshige Masuda, head of Coop Kobe, the largest cooperative in Japan, said, "Solving the housing problem is the biggest key to Kobe's economic restoration." Thus, he is paying close attention to developments in the imported home business.

Consortium Bidding for PRC's Three Gorges Dam

OW1601065696 Tokyo KYODO in English
0414 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Seven Japanese companies have established a consortium to bid for orders for hydroelectric power-generating facilities to be installed at China's Three Gorges dam on the Chang Jiang (Yangtze River), a spokesman for Hitachi Ltd., one of the seven, said Tuesday [16 January].

A delegation of representatives from the seven firms will fly to Beijing early next week for consultations with the Chinese authorities prior to international bidding expected this summer, he said.

He identified Hitachi's partners in the consortium as Mitsubishi Heavy Industries Ltd., Toshiba Corp., Mitsubishi Electric Corp., and three trading companies, Itochu Corp., Mitsubishi Corp. and Mitsui and Co.

The project to dam the waters of the mighty Chang Jiang calls for the purchase of a total of 26 hydroelectric generators — each with a 700 megawatt capacity, he said.

Beijing is considering the purchase of 14 of the 26 generators from foreign suppliers, he said.

He expressed the Japanese consortium's readiness to transfer the technologies to manufacture power-generating equipment to the Chinese side in a bid to win an order, saying, "It seems that such technological transfer is crucial if a foreign company wants to secure business in China."

Similar consortia from France, Germany and Russia are competing for a part of the project — worth an estimated 30 billion dollars in its overall costs, according to a report Tuesday in a leading Japanese newspaper, the ASAHI SHIMBUN.

The alliance plans to draw China's attention to what they perceive as their technological edge over other countries' consortia, while asking the Japanese Government to provide a loan to China from the Export-Import Bank of Japan to finance purchases of Japanese equipment, the paper said. The spokesman confirmed this.

China says the controversial dam — planned to be 185 meters high, creating a reservoir of 39.3 billion cubic meter capacity — is vital for flood control, while its 26 electric power generators will produce 84.7 billion kilowatt-hours a year when in full operation.

Construction will take place in three phases over 17 years, according to Chinese reports.

Polls Support Newly Elected Hashimoto Cabinet

Poll Shows 63 Percent

OW1401111996 Tokyo KYODO in English
1051 GMT 14 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 14 KYODO — Public support for Prime Minister Ryutaro Hashimoto's cabinet stands at 63 percent, the second highest level on record for a newly inaugurated cabinet, according to a KYODO News poll.

Support is higher than the 33 percent given to the first cabinet of Prime Minister Tomiichi Murayama, which was inaugurated in June 1994, illustrating public hopes for the Hashimoto cabinet, the first under a prime minister from the Liberal Democratic Party (LDP) in two and a half years.

The highest support rate ever for a newly inaugurated cabinet was the 76 percent for that of Prime Minister Morihiro Hosokawa, who assumed the premiership in August 1993.

According to the poll, 29 percent disapprove of the Hashimoto cabinet. The poll was conducted nationwide by telephone Friday [12 January] and Saturday on 1,000 voters selected as a proportional cross-section of the electorate in terms of age and sex.

Of those who support the cabinet, the largest portion, some 31 percent, replied that no one else is worthy of support.

Only 21 percent said they support the cabinet because of Hashimoto's policies, while 29 percent pointed to the fact that the cabinet is under an LDP premiership.

Asked what policies they expected from the Hashimoto cabinet, the largest percentage, some 38 percent, cited measures to revive the sluggish economy, followed by 12 percent foreseeing social welfare and environmental policies.

Eleven percent replied they hope the Hashimoto cabinet will improve economic relations with the United States, apparently reflecting Hashimoto's role in resolving a trade dispute over automobiles and auto parts last year.

The figure is more than twice that for the first Murayama cabinet. All figures are subject to rounding.

Asked when the next general election should be called, the largest portion, some 39 percent, said April or later, after the fiscal 1996 state budget is passed by the Diet.

Twenty-three percent said around fall, while only 15 percent said it should be called at an early date before the passage of the budget as proposed by the main opposition party, Shinshinto (New Frontier Party).

The poll shows the Hashimoto cabinet facing difficulties winning public support for a government scheme to spend 685 billion yen in taxpayers' money to liquidate crippled mortgage companies.

The poll shows 66 percent opposing the use of taxpayers' money to liquidate the housing loan companies or "jusen," far outnumbering the 27 percent of pollees who support it.

Asked how long the Hashimoto cabinet will last, the largest portion, some 45 percent, gave it about a year. Twenty-two percent said it will last more than two years.

Both figures exceed the forecasts of half a year or two to three months for the first Murayama cabinet.

The poll also shows 41 percent supporting the return of the LDP to the premiership. But 47 percent replied that they neither approve nor disapprove of this aspect.

The LDP, the biggest party in Hashimoto's tripartite ruling coalition, ruled Japan from 1955 until July 1993, when it lost its majority in a House of Representatives election.

Asked which party they supported, 32 percent said they support the LDP, up from 24 percent in a KYODO News poll taken in July 1994, just a few days after the first Murayama cabinet was inaugurated.

Seven percent said they support Murayama's Social Democratic Party, down from 12 percent in the 1994 poll, while public support for New Party Sakigake [Harabinger] — the smallest of the three coalition parties — remains at 4 percent.

As for the opposition, support for Shinshinto, the product of a December 1994 merger of nine opposition parties, is 9 percent compared with a combined 14 percent for its predecessors.

Support for the Japanese Communist Party is unchanged at 3 percent.

'Expectations' Shown

OW1401135196 Tokyo YOMIURI SHIMBUN in Japanese 13 Jan 96 Morning Edition p 1

[FBIS Translated Text] The YOMIURI SHIMBUN on 11 and 12 December conducted a nationwide telephone poll of 1,500 eligible voters immediately after Ryutaro Hashimoto was sworn in by the Diet as the new prime minister. Pollees were questioned on their expectations for the new prime minister. Nearly 70 percent of the respondents said they "had expectations" for Prime Minister Hashimoto; a majority of them said they were pinning their hopes on Hashimoto, because he is "likely to exercise leadership." Regarding urgent tasks that the new prime minister should deal with first, 71 percent of the respondents cited "economic recovery." This indicates that a majority of the people want a strong political leader to lift the nation from its prolonged economic doldrums. Regarding the plan to allocate approximately 680 billion yen from the FY96 budget to help liquidate housing-and-loan companies' (jusen) bad loans, 63 percent were not in favor of this, saying: "We have yet to be convinced."

Regarding the degree of their expectations for Hashimoto, 30 percent said they have "considerable" expectations, and 36 percent said they hold a "certain degree" of expectation, while 32 percent said they have "no expectations."

Those who said they are pinning their hopes on Hashimoto cited the following reasons: 1) He is likely to exercise leadership (54 percent); and 2) he is likely to be a stable leader (17 percent).

Regarding priority tasks that they want Hashimoto to deal with, 37 percent cited "wiping out concerns about the possible failure of the Japanese financial system," 24 percent cited "Okinawa military base issues," and another 24 percent cited "review of the bureaucratic system." A majority of the respondents, however, cited "economic recovery" as the most urgent task.

Regarding the timing of a dissolution of the lower house and a subsequent general election, 33 percent said "that should come after the enactment of the FY96 budget."

Meanwhile, regarding the evaluation of the administration of former Prime Minister Tomiichi Murayama, 56 percent said they "give it credit." Among them, 35 percent said they praised the Murayama administration because it "remained a relatively stable administration," while 31 percent said it "managed to take care of difficult tasks, one after another."

Support Shown for Hashimoto

OW1701113196 Tokyo ASAHI SHIMBUN in Japanese 15 Jan 96 Morning Edition p 5

[FBIS Translated Text] The ASAHI SHIMBUN conducted a nationwide public poll over the telephone on 13-14 January, following the inauguration of the administration of Prime Minister Ryutaro Hashimoto. Results of the poll showed that 61 percent of the respondents supported the Hashimoto administration, while 20 percent did not. The support rate for the new administration far surpassed that of the administration of former Prime Minister Tomiichi Murayama which was shown in the results of a similar poll conducted (in July 1994) immediately after its inauguration. With regard to policies, 60 percent expressed expectations for the new administration, and 71 percent want to see "economic recovery." Regarding Prime Minister Hashimoto himself, 58 percent are optimistic that he "can exercise leadership." All of this indicates that the public is holding strong expectations for a prime minister from the Liberal Democratic Party [LDP], which made a comeback after two-and-a-half years. Not many pollees feel that the LDP has changed since it turned over the prime minister's seat to other parties; most of the pollees held critical views, saying that the LDP "has not changed." The majority of the pollees said there is "no need to rush" into a lower house dissolution and a subsequent general election.

The opinion poll was conducted starting on the day after Hashimoto held his first post-inaugural news conference and delivered his policy speech.

In the past, the newspaper conducted opinion polls on all previous administrations through personal interviews — except for the Murayama administration — immediately after their inauguration. Therefore, the results of the latest telephone poll cannot simply be compared with previous poll results. However, the Hashimoto administration enjoys a high support rate, trailing only behind the administration of former Prime Minister Kakuei Tanaka at 62 percent (in August 1972) and the administration of former Prime Minister Morihiro Hosokawa at 71 percent (in September 1993).

Among supporters of the ruling coalition parties, 84 percent of LDP supporters, 58 percent of supporters of the Social Democratic Party of Japan [SDPJ], and 60 percent of Sakigake [Harbinger Party] supporters approved of the Hashimoto administration.

At his news conference, Hashimoto stressed that his administration is an administration with "depth and practicality." Given four choices in regard to how they feel about the new cabinet lineup, 36 percent said it is "heavily LDP-colored," while 31 percent said it "lacks freshness," and 14 percent said it "has power of execution."

Regarding the prime minister himself, 47 percent said they "sense friendliness" in Hashimoto's personality, while in a previous poll (in July 1994) 46 percent said they "sense friendliness" in Murayama's personality.

Regarding policies, 60 percent expressed "expectations" for the Hashimoto administration, far surpassing the 33 percent who expressed expectations for the Murayama administration at its outset. Among four choices given pollees on what they expect of the new administration, "economic recovery" topped the list, followed by "handling of the jusen [housing loan companies] issue," which 12 percent of the respondents cited.

Regarding whether the current coalition alliance formed by the LDP, SDPJ, and Sakigake should continue, pollees were divided: 38 percent said it is "fine" to maintain the current framework, while 37 percent said it is "not good."

Meanwhile, 57 percent said they felt "glad" to see an LDP president sworn in as prime minister. Among supporters of different political parties, 87 percent of LDP supporters and even 51 percent of the New Frontier Party supporters welcomed the inauguration of an LDP prime minister.

Regarding whether the LDP has changed from how it was in the days of its single-party rule, only 23 percent said the party "has changed," while 67 percent feel it "has not changed."

On the timing of a lower house dissolution and a subsequent general election, 43 percent favored holding a general election as soon as possible against 45 percent who saw "no need to hurry," according to a telephone poll conducted last July right after the last upper house election. This time, only 34 percent said they want to see a lower house dissolution and a subsequent general election held "as soon as possible," while 53 percent said they saw "no need to hurry."

Hashimoto Pledges 'More Stable' U.S. Ties

OW1101160296 Tokyo KYODO in English 1544 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — New Prime Minister Ryutaro Hashimoto pledged Thursday [11 December] night that Japan will promote relations with the United States to make them "more stable with deep confidence," while trying to respond to Okinawa residents' wishes to reduce the U.S. military presence in the southwestern island prefecture.

"I will try to make Japan-U.S. ties deeper and ask for understanding by the people toward the firm maintenance of the bilateral security system," the 58-year-old premier told reporters.

Asia-Pacific nations and other countries are also hoping for stable Japan-U.S. relations, he said at the Prime Minister's Official Residence after being officially sworn in at the Imperial Palace.

Some of the Japanese people have begun questioning the U.S. military presence in Japan under the bilateral security treaty following the rape of an Okinawa schoolgirl in September for which three U.S. servicemen stand accused and are on trial.

The new prime minister also promised efforts to put the faltering Japanese economy back on track, and recover domestic and overseas confidence in the country's financial system, eroded by scandals and swollen bad loans.

EPA Head on Sakigake's Position in Coalition

OW1201024296 Tokyo NHK General Television Network in Japanese 1534 GMT 11 Jan 96

[News conference by director general of the Economic Planning Agency, Shusei Tanaka, with unidentified reporters at the Prime Minister's Official Residence on 11 January]

[FBIS Translated Text] [Tanaka] I am Shusei Tanaka, newly appointed director general of the Economic Planning Agency [EPA]. As you know, the EPA plays an important role in steering Japan's economic policies. It is my understanding that the new government has important and urgent tasks especially in economic-related fields, and I will do my best in my new assignment.

Fortunately, the economic forecast for fiscal 1996 has already been worked out, and the previous government approved the six-year economic program for structural reform late last month. In a way, I am already on a well-paved road, and I will do my best to keep economic management on the right track.

[Reporter] You have become a member of the Hashimoto administration, the government of the Liberal Democratic Party [LDP] that you and New Party Sakigake [Harbinger] overthrew at the last general election. How do you feel about becoming a member of the LDP-led government?

[Tanaka] We have reached today's situation after drastic political changes over the last two and a half years. The fiscal 1996 budget and the liquidation plan for housing loan lenders [jusen] were compiled on the initiative of our party head, Mr. Takemura, as finance minister of the Murayama cabinet. In the three-party coalition, New Party Sakigake therefore feels a strong sense of responsibility for economic and fiscal affairs. I hope you all will understand that I joined the new cabinet to keep working on the tasks dealt with by the previous government.

[Reporter] In connection with the jusen issue, have you received donations from the jusen companies?

[Tanaka] No, I have not.

[Reporter] You have been advocating tripolar politics, but it seems Sakigake's participation in the LDP-led coalition is making it more difficult to create the third political force. What is your answer to the public's concern?

[Tanaka] I have been calling it a new pole. While debate on the future course of Japan should be regarded as the most important political topic, it is not always discussed as the top priority issue due to the current economic difficulties. Still, we must fully discuss the future of Japan after settling urgent questions on the economic situation, and, in line with these discussions, we must create new trends in politics. So, my impression is this is a not a very good time for the creation of the new political pole.

[Reporter] Taking part in the coalition government may make it difficult to appeal for uniqueness. How will you deal with the problem?

[Tanaka] Do you mean the uniqueness of Sakigake? We will try not to fall into such a situation.

Daily Interviews Kajiyama on Cabinet's Policies

OW1501061996 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Jan 96 Morning Edition p 2

[Interview with Chief Cabinet Secretary Seiroku Kajiyama by unidentified NIHON KEIZAI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] [Reporter] In relation to the liquidation of the housing loan companies (Jusen), do you think Prime Minister Ryutaro Hashimoto — who was the finance minister in March 1990, when an overall ceiling for land-related loans was implemented — was responsible for the problem?

[Kajiyama] I do not think he was at fault. I believe the Finance Ministry was simply complacent in its guidance to the banking institutions, thinking that what had worked in the past would also work in the future.

Rigorous Probe Into Management Responsibility

[Reporter] How about the responsibility of the managers of the parent banks?

[Kajiyama] The worst thing is the thinking that anything is permissible as long as it is not illegal. Business operators should strictly stand by their management responsibilities. Regardless of legality or illegality, they have to bear responsibility for the results.

[Reporter] How will you deal with the disclosure of information — for example, publishing a list of the recipients of Jusen loans?

[Kajiyama] It is hard to say how far the government and bureaucracy will be willing [to disclose information]. However, if dietmen from both the ruling and opposition parties fully exercise their power to investigate state affairs, the barriers (to information disclosure) can be overcome.

[Reporter] Will the Cabinet Law also be considered for amendment to strengthen the government's crisis management capabilities?

[Kajiyama] I have been thinking about it. It would be better to facilitate the effective exercise of the prime minister's powers.

[Reporter] Do you think there should be a reconsideration of the constitutional interpretation of the right of collective self- defense?

[Kajiyama] We have avoided touching on the subject for 50 years since the war. However, we cannot keep peace by doing nothing. In a general sense, there should be free discussion, and should not be any taboos in constitutional issues.

[Reporter] Do you think you need to work on a review of the government's position on the provision of Article 20 of the Constitution on the separation of church and state?

[Kajiyama] The Constitution was not drafted with the problems arising from the huge present day religious groups or Aum Shinrikyo in mind. We will work on this by listening to the opinions of scholars and religious groups. However, I do not think it is acceptable for religion to have control over the core of the political administration.

Opposed To "Immediate Diet Dissolution"

[Reporter] From the point of view of promoting competition, do you think Nippon Telegraph and Telephone Corporation should be broken up?

[Kajiyama] We also have to consider whether or not Japan can be internationally competitive in the information and communications sector. It does not necessarily follow that a huge entity should be cut up.

[Reporter] What do you think of the prospects for dissolving the Diet to make way for a general election?

[Kajiyama] With the current uncertain political and economic prospects, and depressing economic conditions, we are not in a position to immediately dissolve the Diet. I think this should come as near to the end of our term of office (in July 1997) as possible.

[Reporter] Some members of the ruling parties are asking for a review of the lower house's electoral system of combining single- seat constituencies and proportional representation.

[Kajiyama] It is not possible to (revise the electoral system) at will every so often. I do not agree with the thinking that everything will be fine once the electoral system is changed. Political reform is a perpetual goal. After scandals were uncovered, (the debate on political reform) was somehow taken over by a discussion of the electoral system.

Dissolution of Coalition Not Planned

[Reporter] Are you looking at the possibility of dissolving the coalition with the Social Democratic Party of Japan [SDPJ] and New Party Sakigake [Harbinger] in the future?

[Kajiyama] No, I take the contrary position. In politics, there is the "mountain-building [zosan]" process, which uses the principle of competition to raise income, and the "leveling [suihei]" process, which aims at filling the gap around a high mountain to redistribute it [as published]. Politics involves both processes. While the SDPJ and Sakigake have put their emphasis on redistribution, the Liberal Democratic Party [LDP] has given priority to growth. What we have achieved over the past 18 months is considerable.

[Reporter] Will you maintain the coalition framework of the LDP, SPDJ, and Sakigake even after the general election?

[Kajiyama] Right now, we are premised on the cooperation of the three parties. When the election approaches, each party will have to play up their unique identity as long as we decide not to merge. However, this will not be to the extent of undermining the very foundation (of the coalition)."

[Reporter] In the formulation of specific policies, will it be Mr. Hashimoto or Mr. Kajiyama who will exercise leadership at the Prime Minister's Official Residence?

[Kajiyama] You all talk about a Hashimoto Kantei [Prime Minister's Official Residence] or a Kajiyama Kantei, but there can never be a Kajiyama Kantei. I am determined to sacrifice myself and to devote myself to supporting Prime Minister Ryutaro Hashimoto.

Interview With Chief Cabinet Secretary Kajiyama

OW1601093596 Tokyo ASAHI SHIMBUN in Japanese 15 Jan 96 Morning Edition p 2

[Interview with new Chief Cabinet Secretary Seiroku Kajiyama by an unidentified ASAHI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] [Reporter] What messages do "Hashimoto's official residence" and "Kajiyama's official residence" plan to issue to the people?

[Kajiyama] "Hashimoto's official residence" exists, but not "Kajiyama's official residence." I will try to remain inconspicuous, while fully supporting Prime Minister Ryutaro Hashimoto. While I was out of office, I tried to play the role of a pendulum in a situation in which two opposite poles existed and it would have been easy for me to go too far in saying something about the situation. However, I will not be adopting any methods or measures to ensure my radical views are now taken into account, thereby causing frustration. I will try to make predictions in a sound and steady way.

[Reporter] The most important present issue is a settlement of the housing loan companies (jusen) issue. What do you think of the issue of responsibility?

[Kajiyama] It is quite natural that people will question the propriety of using public funds. Why was it proposed? Someone should be asked to take the responsibility for the results. That is the custom in society. The issue of responsibility cannot be evaded and we must also make public the relevant information.

[Reporter] What about Prime Minister Hashimoto's responsibility during his term as finance minister?

[Kajiyama] I do not think it was done intentionally or by mistake, but there was a sense that must have prevailed throughout the Ministry of Finance in which they took things easy — believing that "as everything has gone well so far, it will continue to do so in the future."

[Reporter] To what extent, do you think, information should be disclosed?

[Kajiyama] Resistance can be broken down if Diet members from both the ruling and opposition parties bring into full play their power to investigate state affairs. The point at issue now concerns morals. What has to be feared is the trend toward believing that one may do whatever one likes as long as it does not infringe laws. In particular, it will be desirable to hold the founding banks responsible, and top management should be asked to take responsibility for the results.

[Reporter] While the settlement of the jusen issue has been criticized severely, do you think it is possible the consumption tax rate will be raised?

[Kajiyama] It would be best if we can avoid raising the consumption tax rate. However, if a large number of national bonds are issued, it will result in inflation. To prevent this, we must secure some sort of revenue. I hope a conclusion will be reached after cool-headed deliberations.

[Reporter] Do you think it is necessary to reconsider Article 20 of the constitution, which stipulates the principle of separation of church and state?

[Kajiyama] It is undesirable that one religion becomes the mainstay of the administration and holds sway over politics. However, there are political parties that may not think so. Therefore, it is important that we should study this issue together.

[Reporter] How do you plan to tackle the issues of the realignment, consolidation, and reduction of U.S. military bases on Okinawa?

[Kajiyama] It is important to have a full understanding of the pain that Okinawan residents have been asked to bear. However, we must avoid arguing that simply because Okinawan problems have been raised, there is no more need for the Japan-U.S. security arrangement. Following the breakdown of the Cold War structure, the security treaty has had a very important effect in ensuring peace and stability in northeast Asia. What is important is how to coordinate these two issues.

[Reporter] You have advocated readjusting the interpretation of the constitution on the right to collective defense. Is that right?

[Kajiyama] We should not avoid issues. From now on, "we cannot ensure peace by simply staying idle." And no taboos should be set on issues for deliberations. However, if the framework of cooperation with the Social Democratic Party of Japan [SDPJ] and New Party Sakigake [Harbinger] (which take a cautious approach toward the issue of the right to collective defense) should break down, all our efforts will be for nothing.

[Reporter] While some members of the Liberal Democratic Party [LDP] maintain that "the LDP, the SDPJ and Sakigake should form one political party," others hold "it would be better for the LDP to divorce itself smoothly from the SDPJ and Sakigake through consultation." Mr. Kajiyama, do you belong to the latter force?

[Kajiyama] I must have been mistaken, probably because I am a poor hand at making remarks. And it has been said that "when Kajiyama becomes chief cabinet secretary, the LDP, SDPJ and Sakigake will be in some disarray." In fact, it is the other way around. The administration under the LDP, SDPJ and Sakigake has made great achievements. The foundation has been laid on the two poles that existed during the period of the "1955 regime," [which was in large part one-party domination of politics by the LDP]. It is not true that just because I have become chief cabinet secretary, the LDP will turn its back on the SDPJ or the SDPJ will run away.

When election time comes around, it is possible for each party to form platforms that are somewhat different. In that sense, there may be some confusion. However, the foundation will not be broken.

[Reporter] How about the prospects for dissolving the House of Representatives and holding a general election?

[Kajiyama] We must cherish the term given us by the electorate. The trend of politics, economy, and society in general remain ambigious. Besides, times are hard. I think this should happen as close as possible to the end of our term.

[Reporter] Will there be a revision of the electoral system that combines single-seat constituencies with proportional representation?

[Kajiyama] No, we have no such plans. It is not easy to change policy all the time.

Trade Minister Holds Inaugural News Conference

OW1201030396 Tokyo NHK General Television Network in Japanese 1529 GMT 11 Jan 96

[News conference by new minister of international trade and industry, Shunpei Tsukahara, with unidentified reporters at the Prime Minister's Official Residence on 11 January — live]

[FBIS Translated Text] I am Shunpei Tsukahara. I have just been told by Prime Minister Hashimoto: I would like you to be the minister of international trade and industry. I have just been appointed to a ministry with a wide range of responsibilities. I intend to exert utmost efforts.

When Mr. Hashimoto became the president of the Liberal Democratic Party [LDP], he personally made a number of commitments. On the whole, he presented measures to promote economic recovery in the one-year, three-year, and five-year time frames. He promised, in plain and simple terms, to build a system under which the manufacturing industries will not pull out of Japan. Since I am going to work in an office which has jurisdiction over such issues.... We worked hard for Mr. Hashimoto to become the LDP president, and now he has also become the prime minister. Although I am very inexperienced, I intend to do everything in my power to help the prime minister be worthy of [the people's] recognition. I humbly ask for your help and tutelage.

[Reporter] During his last news conference as the minister of international trade and industry today, in response to the question whether the Japanese economy is now revitalized, Prime Minister Hashimoto stated that although signs of revitalizing can be seen, the recovery process is only half complete. In concrete terms, how will you ensure steady recovery?

[Tsukahara] I have an excellent staff, so I intend to work closely with them when promoting concrete measures. It is always most difficult to start to take off. Since certain positive signs have emerged on the whole under the framework of the three-party coalition, a slowdown of the recovery process should be avoided by all means. I intend to adopt clearcut, concrete policies. The basic premise, however, is that I will follow the footsteps of what Minister Hashimoto has done, because he has achieved much in bringing about positive signs in the economic conditions.

[Reporter] Regarding the jusen [housing loan companies] issue, there have been some reports. Can you tell us the facts?

[Tsukahara] You mean my links with jusen? I was totally unaware, but on the morning of 5 January, when I went outside in my pajamas, people from the weekly tabloid magazine FLASH took several photographs. When I asked what was that all about, they told me they wanted to ask me some questions about the jusen operated by my cousin. Then I asked what was the problem, and was told that this company also owns a golf course in my constituency, Hitachi City. This company is called Taiyo something, and the business operator seems to be one Mr. Tsukahara. The reporters came because they heard that the owner is my cousin. The truth is, I am totally unrelated to this man, and I explained this to the reporters. Does that answer your question? I suppose that is what you wanted to ask about my relations with jusen.

It is really funny. That happened on 5 January. At that time, I merely laughed the whole matter off. Then, Mr. Murayama resigned, and talks about forming a new cabinet started in the afternoon. Since I was interested in getting a post, [laughter from the floor] this ceased to be a laughing matter. Nobody came to interview me on this, like you are doing now, so I could not make a denial — I was really distressed. Well, the whole affair was groundless, and I believe I was chosen to become a cabinet member because it was not true. I am glad you asked the question.

[Reporter] How about political donations? Have you received any from jusen?

[Tsukahara] I am not sure about the various fund-raising parties, but on the whole I have not had any contacts with the jusen. Later, people may find out that they bought party tickets of 20,000 or 30,000 yen. That, I do not know.

Thank you.

Discusses Trade Issues

OW1101180096 Tokyo KYODO in English 1753 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — New international trade and industry minister Shumpei Tsukahara said Friday [12 January] the government hopes to win parliamentary approval of the fiscal 1996 budget at an early date and secure stable economic growth through meticulous policies.

"While small businesses are still in a difficult situation, certain positive signs have emerged on the whole," Tsukahara said at a news conference in the early hours of Friday after the new cabinet of Prime Minister Ryutaro Hashimoto convened for the first time.

The new government will take detailed measures so that these positive signs will not peter out, Tsukahara said.

On Japan-U.S. trade issues, Tsukahara said he will seek understanding of Japan's position when he is confident it is right. "I believe that what Japan claims is right, as seen in auto trade negotiations last year," he said.

Concerning the bilateral semiconductor agreement due to expire in July, Tsukahara said he thinks "it has already played out its role," with foreign chips now controlling around 27 percent of the Japanese market, against the 20 percent target under the pact.

Asked about the Asia-Pacific Economic Cooperation (APEC) forum, Tsukahara said Japan will explain to the United States about "the delicacy of Asian feelings" which the Japanese are in a better position to grasp in order to promote mutual understanding.

Tsukahara also said Japan wants to share with Asian countries its know-how on negotiations with Washington.

On nuclear energy policy, Tsukahara said it will be "daunting" for nuclear engineers to restore public confidence because of a reported attempt to cover up last year's sodium leakage accident at the monju fast-breeder reactor in Fukui Prefecture.

Murayama Reelected SDP Chairman

OW1601095796 Tokyo KYODO in English 0919 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Tomiichi Murayama, who resigned last week as prime minister, was easily reelected as chairman of his Social Democratic Party (SDP) on Tuesday [16 January], beating his only rival Tadatoshi Akiba.

Murayama, 71, told a press conference at the SDP headquarters the party aims to change the name and platform at the convention to be held Friday to pave the way for the new party.

"Based on the convention, I will make efforts so that we can as soon as possible create another party that can shoulder the government," he said.

His term of office will last until the day the SDP changes into the new party, said Murayama, who was replaced as prime minister by Ryutaro Hashimoto last Thursday.

With all 73,616 votes counted, Murayama received 57,591 votes, or 84.7 percent of the total, outnumbering the 10,440 votes, or 15.3 percent, for Akiba, 53, a member of the House of Representatives.

SDP officials said 5,585 votes, or 7.6 percent, were invalid. There were 111,272 eligible to vote.

The officials said the voter turnout rate stood at an all-time low of 66.2 percent, compared with the previous record low of 66.5 percent set in the previous SDP leadership poll.

Akiba, on the left of the party, has criticized Murayama for parting with the long-standing SDP policies of opposition to the Japan-U.S. Security Treaty and denial of the constitutionality of the self-defense forces.

He has also been critical of a plan proposed by Murayama to merge with New Party Sakigake — the smallest group within the tripartite ruling coalition — before changing the SDP into a new liberal party, seen as having a better chance of winning the next general election.

Asked to comment on Akiba's views, Murayama said, "there are different views within the SDP. It's important to work together toward a single target. I hope he will grow into one of the party's leaders."

"There has been no change in my policy since I was prime minister. I believe my policy got support. I thank those who have supported me, and I want to make all-out efforts to create a new political force," Murayama told reporters.

At a press conference in the Diet building after the count, Akiba said he would take his defeat in a "dignified way" but that by running in the election he had been able to bring some issues to the fore.

Asked if he agreed that Murayama's reelection to the top party post meant that the former prime minister's bid for the formation of a new party had been accepted by the SDP, Akiba said, "that interpretation would be mistaken because there was no policy debate."

"I'll act in accord with the (SDP's) Hiroshima prefectural headquarters," Akiba said, in a reference to his supporters in his home electorate.

The counting of the votes came after two days of polling nationwide, open to some 110,000 SDP members and associate members. Voting in Okinawa Prefecture took place Saturday and Sunday and the vote counting Monday.

Murayama officially resigned as prime minister last Thursday after a year and five months in office. Ryutaro Hashimoto, president of the Liberal Democratic Party, the ruling coalition's largest force, succeeded him as premier.

Hashimoto hailed Murayama's victory and said he expects the development to help strengthen the three-way coalition.

New Party Sakigake leader Masayoshi Takemura also welcomed Murayama's reelection as SDP chairman. He said his party will step up its cooperation with the SDP.

Gist of Coalition's New Policy Platform

OW1701101196 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Jan 96 Morning Edition p 3

[FBIS Translated Text] The following is the gist of the "three parties' policy agreements on establishing a new administration" reached by the Liberal Democratic Party, the Social Democratic Party of Japan, and New Party Sakigake on 7 January.

Upon having a view of the next 50 years, at present we are expected to carry out more drastic restructuring of Japanese politics, economy, and administration. To maintain peace and democracy as pursued in the Japanese Constitution and to fulfill important responsibilities without causing political vacuum and confusion in the current difficult situation, it is indispensable to tackle new tasks resolutely while basically continuing policies adopted under the Tomiichi Murayama administration. Here we confirm "new policy agreements" to maintain the coalition of the three parties.

I. Verification of Progress in Implementing the Three Parties' New Policy Agreements

(The rest is omitted)

II. Tasks That Have To Be Continuously Tackled

1. Reform of the United Nations. (The rest is omitted)

2. Reform of the Diet. (The rest is omitted)
3. Political reform. (The rest is omitted)
4. Administrative reform.

We will submit a bill on THE revision of the Cabinet Act at the next ordinary Diet session , including setting up the post of Cabinet assistant, and will seek early passage of the bill in the Diet. The prime minister's office will play a leading role in studying the reorganization of the ministries and agencies. Reform of government-affiliated special corporations will be further promoted, and efforts will be made to have bills regarding integration or abolition of those corporations approved at an early date.

5. The Law on disclosure of information. (The rest is omitted)
6. Decentralization. (The rest is omitted)
7. Elimination of dango [bid-rigging] and cartel practices. (The rest is omitted)
8. Educational reform. (The rest is omitted)
9. Creation of a society in which men and women can jointly participate in planning. (The rest is omitted)
10. Human rights and discrimination issues. (The rest is omitted)
11. Defense issues.

Japan will declare to the world that it has no intention of becoming a military superpower and being armed with nuclear weapons. This is a basic policy in Japan's diplomacy. The Self-Defense Forces [SDF] and the Japan-U.S. Security Treaty will continue to be maintained in the future. Active efforts will be made to build confidence in neighboring countries while disarmament will be promoted. Japan will actively participate in U.N. peacekeeping operations.

With regard to what defense capability ought to be like in the future, additional efforts will be made to make the SDF more rational, efficient, and compact in accordance with the "New National Defense Program Outline." Japan will demand that all countries suspend nuclear tests, and will make a positive contribution to an early conclusion of the Comprehensive Test Ban Treaty (CTBT).

12. Human rights, environment, population, and development. (The rest is omitted)
13. Japan's bid to become a permanent member of the UN Security Council.

Without trying to do what is beyond its power, Japan will cautiously deal with the issue in view of the progress in reform of the United Nations, support by neighboring countries in Asia, and the national consensus.

14. Issues concerning Japan's wartime deeds.

Upon the historic occasion of the 50th anniversary of the end of the war, we decided to learn the lessons of and remorse over history and to follow the path to peace and prosperity of human society in the future. We will try to establish a relationship of trust with the people of other Asian countries by making steady efforts to solve issues concerning Japan's wartime deeds.

15. Energy policies. (The rest is omitted)

III. New Priority Policies. 1. Handling of urgent economic issues

1) In a bid to ensure the full recovery of the economy, we should try harder to win an early approval for the draft fiscal 1996 budget bill, while taking steps to eliminate people's anxieties over job issues.

2) Efforts need to be made to have the concerned bills approved at an early date to achieve the following goals: To implement the special reduction in income and residential taxes also in FY96, to conduct a comprehensive review of the land tax system, and to rationalize the tax system for nonprofit companies and other organizations.

3) Priority ought to be given to having financial institutions thoroughly disclose information on their operations. At the same time, we will do our utmost to hammer out, at an early date, a solution to the pending issue involving financial institutions' bad loans, while protecting depositors. In particular, regarding the housing loan companies'[jusen] bad-loan issue, we will seek an early settlement by resolutely promoting liquidation of credits and by clarifying the concerned organizations' responsibility. In achieving those tasks, efforts should be made to have the concerned bills approved at an early date.

4) The present financial administration, inspection, and supervisory systems, which are mainly under the jurisdiction of the Ministry of Finance, need to be comprehensively reviewed to build the self-liability principle and highly-transparent new financial system. At the same time, the three leaders of Ruling Party Policy Coordination Council will discuss, as early as possible, what kind of measures the concerned organs — such as MOF Banking Bureau, municipalities, the Bank of Japan, and the Deposit Insurance Organization — should take to realize early detection of failure of financial institutions and prompt disposal of the matter.

As for the agricultural and forestry cooperative financial organizations, we should promote their realignment and streamlining, while having them thoroughly disclose information on their operations. In achieving this, we will formulate bills needed to streamline organizations, and will seek to have them approved at an early date.

5) Financial organizations are expected to develop new financial products in consideration for those who live on pensions under the present situation in which interest is low.

6) In supporting small and medium-sized companies that are faced with severe economic circumstances, we will buildup the financial and credit supplement system [kinyu shinyo hokan seido], and will help them to create new businesses and to participate in the new sectors.

2. Promotion of economic structure reform

1) In a step to support companies' restructuring as well as venture companies, the ban on holding companies will be lifted within the scope of not disturbing the antimonopoly policy.

2) Efforts ought to be made to cut the current account surplus to one percent of the GDP within two years from the 1995 level of 2.1 percent.

3) Under the slogan "The Nation of Science, Technology, and Creativity," active steps should be taken to make the society abundant and full of vigor in the 21st century by creating new culture and industries.

4) Thorough investigation needs to be conducted to clarify the cause of the prototype fast-breeder reactor "Monju" accident.

3. Review of financial management and other tasks.

1) An opportunity for discussion should be made to study ways to further implement financial reform of the central and local governments' revenues and expenditures.

2) We will review the allotment of public investment, while frontloading the Basic Public Investment Program. 4. Promotion of relocation of metropolitan functions.

In actively promoting relocation of metropolitan functions, we will form a system aimed at selecting suitable places in about two years, and will try to build a more solid national consensus.

5. Promotion of the new comprehensive agricultural policy.

6. Building the new system in preparation for future society, in which the number of children will become small, whereas the number of elderly will increase. (The rest is omitted)

7. Pharmaceutical administration and redress of patients who have contracted Human Immunodeficiency Virus [HIV] from contaminated blood products.

Based on the common recognition that to relieve those patients is a task of great significance, efforts should be made to settle the HIV lawsuit at an early date.

8. Realization of a recycle-oriented society. (The rest is omitted)

9. Crisis management in disasters and building of cities that withstand such events.

Thorough studies should be conducted to improve and strengthen measures, including legislative steps, that the entire government should take in the event of a disaster that would have a serious impact on the security of our society.

10. Reconstruction of areas hit by the great Hanshin-Awaji earthquake.

11. Building a safe and reliable society.

12. Support for nongovernmental and nonprofit organizations. (The rest is omitted)

13. Religious activities in the present society.

We will study ways to harmonize religious activities with the civil society based on the ideology of the Constitution. At the same time, the relationship between politics and religion, as well as interpretation of Article 20 of the Constitution, should be examined.

14. Promotion of culture and sports. (The rest is omitted)

15. Implementation of the new diplomatic policy toward Asia.

Active efforts should be made to encourage an early resumption of intergovernmental negotiations with DPRK to normalize the bilateral relationship.

16. Strengthening the multilateral trade system. (The rest is omitted)

17. Preparation for the new maritime order.

The UN Convention on the Law of the Sea needs to be concluded at the earliest possible date, and the domestic law must be amended in accordance with it.

18. Measures to settle the issue on U.S. military bases on Okinawa

We will promote realignment, unification, and retrenchment of facilities and areas [used by U.S. forces] without jeopardizing the goals of the Japan-U.S. Security Treaty. Various issues, such as noise pollution and safeness of training exercises, have arisen from those facilities and areas. Positive efforts ought to be made to produce a clear-cut improvement in problems related to the Japan-U.S. Status of Forces Agreement.

In seeking a solution to those issues, we will do our utmost to attain concrete achievements within one year through discussion at the Japan-U.S. Special Action Committee and the consultative body of the central and the Okinawa prefectural governments on the base issue. With the aim of preventing the presence and size of U.S. military bases from becoming permanent, further diplomatic efforts must be made to achieve detente.

North Korea

Commentary on U.S. Exercises, 'Nuclear Threats'

SK1601232096 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 16 Jan 96

[Commentary by Kim Ho-sam: "Nuclear Threat Will Never Work"]

[FBIS Translated Text] According to reports, U.S. strategic bombers will conduct bombing exercises in South Korea in mid- February. A B-52 strategic bomber reportedly will conduct exercises on 13 February, and two B-1 strategic bombers will conduct exercises on 15 February in a South Korean Air Force training base near the Korean East Sea. The Japanese newspaper ASAHI SHIMBUN, reporting on the planned exercise, wrote that it is the first time since 1994 that B-1 strategic bombers have conducted exercises in South Korea.

Such U.S. military moves are very bad omens and will further endanger the already strained situation on the Korean Peninsula. As has been reported, on 10 January a U.S. submarine suddenly sneaked into South Korea's Chinhae Port. Immediately after its arrival, the submarine went into a joint anti-submarine exercise with the South Korean puppet army. It has already been revealed that the submarine is equipped with anti-ship attack weapons and missiles that can strike inland targets.

Not satisfied with this, the United States plans to conduct bombing exercises by strategic bombers one after another in mid- February. This reflects what the United States intends to do on the Korean Peninsula. As everyone knows, both B-52 and B-1 strategic bombers are capable of carrying nuclear weapons. In particular, the B-1 strategic bomber is a notorious bomber equipped with the world's latest technology. The United States plans to conduct exercises by the nuclear bombers in South Korea to scare us. We cannot ignore such provocative U.S. military moves.

The U.S. moves since the beginning of the new year against the DPRK may create a series of problems that bode ill. In mid- February, the United States will bring three brigades of the puppet forces to Texas to conduct combined exercises, with the aim of conducting joint operations with the South Korean puppet army in case of an emergency on the Korean Peninsula.

The United States is also reinforcing U.S. Forces in Japan. An example of this is the attempt to newly deploy the (?city's world) ship, which is equipped with 90 missiles of various kinds at Yokosuka, the U.S. Naval base in Japan. Also, from 25 January, along with Japan's Self-Defense Forces, the U.S. Forces are planning to hold the Keen Edge-96 military exercise, which is a joint integrated command post exercise. The problem lies in the fact that the U.S. Air Force strategic bombing exercise slated for mid- February will be held focused on a series of military exercises, which are being closely carried out by the United States, Japan, and South Korea.

The U.S. warmongers are currently ganging up with the South Korean puppets and the Japanese reactionaries and are trying to threaten us with nuclear weapons in the sea, in the sky, and on the ground. They are trying to crush us militarily. All facts clearly show that suppressing us by strength is the basis of the U.S. policy toward the North.

We cannot by any means tolerate such an anachronistic military policy of the U.S. as its design to crush us. If the United States tries to dampen our will with nuclear threats, it will be a big miscalculation.

Through various opportunities we have clearly elucidated our position. We will answer dialogue with dialogue and war with war. This is our Republic's firm position and will. No one must doubt this, our firm will.

Those who challenge our sovereign rights even a little bit will, without exception, become like a (?tigermoth.) If the United States continues to challenge our proposal for establishing a peace guarantee system and recklessly enforces a policy of strength, this will drive the situation on the Korean Peninsula to an unexpectedly grave phase. The general view of world opinion is that this will by no means be favorable to the United States.

The United States must abolish the concept of the Cold War era in which power was regarded as being almighty. The United States must bear in mind what results may come of military threats against us, and remember that it would be good to act with discretion.

ROK 'War Provocation' Against North Decried

SK0601043996 Pyongyang KCNA in English
0343 GMT 6 Jan 96

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — The traitor Kim Yong-sam of South Korea, on January 4, reportedly summoned senior officials of the puppet administration to "Chongwadae" [presidential offices] and groundlessly charged the North again, saying "the government is fully prepared to cope with any contingency, keeping close scrutiny over the situation of the north."

Synchronizing with this, the puppet defense minister, Yi Yang-ho, ordered the brasshats of the puppet army to "keep the army on full alert and perfect combat posture against the North and muster all the forces available to increase the combat power."

Such provocative utterances the Kim Yong-sam group have let loose from the beginning of the year reveal their intention to persistently seek armed confrontation with the North. They also clearly indicate that the group are trying to emerge from their serious political crisis by intensifying confrontation with the north.

The puppets, who have turned the whole of South Korea into a theatre of military manoeuvres against the North, plan to stage a "combined exercise" with U.S. troops in the U.S. mainland this year.

The Kim Yong-sam group must be mindful that they will have to pay dearly for all their anti-national crimes of the blackest dye.

Though Kim Yong-sam, who is finding himself in a serious crisis, isolated and rejected at home and abroad, is seeking a way out in anti-North confrontation and war provocation moves, his intention is as foolish as jumping into fire with faggot on his back.

It is the resolution and will of our people and army to answer sword with sword. Our people and army are closely watching the Kim Yong-sam group's reckless war provocation moves against the North with heightened vigilance.

Kim Yong-sam's 'Slander' Against North Denounced

SK0601043396 Pyongyang KCNA in English
0346 GMT 6 Jan 96

["NODONG SINMUN on Traitor Kim Yong-sam's Abuses of the North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — The traitor Kim Yong-sam of South Korea has slandered the North over its "situation" from the very beginning of the year.

In this regard NODONG SINMUN today says his slander well shows how despicably and foolishly he is trying to get out of the wood and save the regime of traitors from the catastrophic crisis with such abuses of the North.

In a commentary the paper says:

The present situation of South Korea is very serious. As the world-startling slush fund scandal largest ever in history revealed, the puppet regime and all the ruling quarters are too corrupt to win the people's confidence.

With "Chongwadae" [presidential offices] being occupied by the kingpin of theft, the puppet National Assembly, government, judiciary and army are all controlled by thieves. It is clear to everyone that such a society does not have long to go. The flame devouring the puppet regime is spreading over to "Chongwadae".

Kim Yong-sam, in a bid to get out of the flame, is trying to divert elsewhere the public opinion under the pretext of the "situation of the North." His act is, however, as foolish as lifting the axe to cut his own foot.

News Conference of ROK Parliamentarian Reported

SK0601043496 Pyongyang KCNA in English 0349 GMT 6 Jan 96

["Nature of Kingpin of Irregularities Cannot Be Concealed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — A "member of parliament" of South Korea, Won Kwang-ho, who defected from the "New Korea Party" at the very beginning of the year, called a press conference and fully revealed how unbelievable "upright politics" Kim Yong-sam is paying lip-service to.

Commenting on this, NODONG SINMUN today says:

He told the press conference that he was given five million won of doubtful origin by Kim Yong-sam on Christmas day and he and other "parliamentarians" from the "New Korea Party" and leading politicians had received such money more than once every year.

It is apparent that the large amount of money the traitor Kim Yong-sam has given his men every year is part of the slush fund he received from the traitor No Tae-u and comprador business tycoons.

Won's confession fully proved that the traitor Kim is the kingpin of theft and corruption and the puppet administration and the "New Korea Party" are corrupt and do-nothing "government" and "party" of thieves.

Nevertheless, the traitor is loudly advertising "upright politics" and "elimination of irregularities" with the purpose of fooling the people and amassing more illegal wealth.

He, though belatedly, must fully make public all the amount of the "presidential election" fund and face a judgement by history of his own accord, mindful that with nothing can he veil his nature as the chief thief.

Ex-ROK Politician in North Supports WPK Plan

SK0901222196 Pyongyang KCNA in English 0755 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Kang Tae-mu, director of the Secretariat of the Consultative Council of Former South Korean Politicians in the North for the Promotion of Peaceful Reunification released a statement on Monday, supporting the reunification policy of the Workers' Party of Korea, which was explained in a joint editorial carried by papers on the new year 1996, and vowing to devote all his energy and wisdom to implementing the behest of the Great Leader President Kim Il-song for the reunification of the country.

He called on all the compatriots in the North, South and overseas to unite closely in line with the reunification programme indicated by President Kim Il-song and rise up in the struggle to frustrate the separatists' policy of dependence on outside forces and establish a confederal state, independent, peaceful and neutral, a reunified state involving the whole nation.

He also called on them to continue the nationwide struggle in the new year to have the "National Security Law," an anti-national and anti-reunification law, abolished and the concrete wall pulled down in South Korea.

He said the South Korean students and people must invigorate the struggle for removing the Kim Yong-sam group of traitors, the chief obstacle to national reunification, and set up an independent and democratic government.

International Jurists View ROK Rights 'Abuses'

SK0901222396 Pyongyang KCNA in English 0903 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — The International Committee of Jurists for Democracy and Human Rights in South Korea published Bulletin Nos. 1 and 2 exposing the abuses of human rights by the "National Security Law" and irregularities and scandal in South Korea.

The bulletin in an article "'National Security Law', a Permanent Violation of International Law Mechanisms" exposes the anti-people, anti-reunification essence of the "law", saying that the South Korean authorities used it against all opposition forces and reunification forerunners.

The Kim Yong-sam "regime" has pursued a highly conservative policy with permanent hostility towards the North, it says, and continues: The South Korean authorities are aggravating situation and resorting to anti-DPRK smear campaign for a permanent presence of the U.S. forces in South Korea.

It also lays bare the corruption and irregularities of the South Korean ruling quarters which have recently been brought to light one after another, and refers to the arrest of the former "presidents" of South Korea and "presidential election" fund of the traitor Kim Yong-sam.

Japan-Resident Koreans Support 'Revolution'

SK0901221996 Pyongyang KCNA in English 0935 GMT 9 Jan 96

["Japan-Resident Korean Youths Are Prepared To Be Successors to Revolution, Says NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Young Koreans in Japan, in keeping pace with the first and second generations of the revolution, are growing up to be patriots of the third and fourth generations who will continue the movement of Koreans in Japan through generations. This is a splendid fruition of respected General Kim Chong-il's idea of preparing the youths to be successors to the revolution.

Han Tong-song, a department director of Tokyo-based Korean University, said this in an article titled "Idea of Preparing Youths To Be Successors to Revolution and Its Successful Application in Activities of Chongnyon" carried by NODONG SINMUN today.

He said that young Koreans in Japan, encouraged by the historic letter "On Developing the Movement of Koreans in Japan Onto a New Higher Stage" sent by the Great General Kim Chong-il, have strengthened and developed the General Association of Korean Residents in Japan (Chongnyon) to be overseas Koreans' organization always faithful to the great leader Generalissimo Kim Il-song and have inherited the tradition established by patriotic people of preceding generations.

The Great Leader General Kim Chong-il put forward the idea of fully preparing Korean youths in Japan to be successors to the [word indistinct] patriotism by successfully applying the idea of rearing young people to be successors to the revolution in the activities of Chongnyon.

At a time when it was being raised as a serious and acute task to carry forward the patriotic cause of Chongnyon, General Kim Chong-il made clear the importance of the work with youths in the activities of Chongnyon and advanced a policy of directing great efforts to education of Korean youths from all walks of life and rearing them to be patriots.

Thanks to the truthfulness and vitality of the outstanding idea applied in the activities of Chongnyon successfully by General Kim Chong-il, a new turn has been effected in fully preparing young Korean men and women in Japan to be successors to the patriotic cause.

In Chongnyon an increasing number of young people have become reserve officials to succeed to their patriotic seniors.

Graduates from Korean University in particular have devoted themselves to the noble struggle for defending and developing the patriotic cause of Chongnyon, believing in General Kim Chong-il only and always sharing the destiny with socialist homeland, undaunted by the rapidly changing situation of the world and harsh suppression by the enemies.

Paper Urges Stronger South-South Cooperation

SK0701083896 Pyongyang KCNA in English 0645 GMT 7 Jan 96

["NODONG SINMUN Calls for NAM Development" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA) — The Nonaligned Movement [NAM] is faced with an honorable task to live up to the expectation of the world progressives and dynamically advance the era of independence by successfully realising its idea and creditably discharging its mission. For this purpose, it is important to further strengthen unity, solidarity and cooperation among its member nations.

NODONG SINMUN today says this in an article titled "NAM Enhancing Its Position and Role."

Last year NAM consolidated its position and enhanced its role as an independent political force representing the South in the international arena, the article says, and continues:

The nonaligned nations must fight under the banner of unity to reject any attempt to change the political nature of the movement and the orientation of its activities.

They also must strictly observe the norms of relations between countries and answer with the strategy of unity the outside forces' moves to disintegrate the movement and alienate its member nations from each other.

The member nations must take a joint action in the international arena with a joint strategy, strengthening support and solidarity among themselves.

If they actively develop South-South cooperation in the principle of collective self-reliance, they can achieve co-prosperity without help of developed nations. If they establish a South-South economic order, the South will have a great power in rivalry and negotiation with the North so that a decisive phase may be opened in establishing a new international economic order.

Further strengthening and developing unity, solidarity and cooperation among the member nations will make it possible to accelerate the building of an independent, peaceful world which has been desired by the people of nonaligned and other developing nations.

Kim Chong-il Receives Greetings From Abroad

SK0801035396 Pyongyang KCNA in English 0339 GMT 8 Jan 96

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings on the new year 1996.

The messages came from Muhammad Husni Mubarak, president of the Arab Republic of Egypt; Phumiphon Adunyadet, King of Thailand; Nursultan Abishevich Nazarbayev, president of the Kazakh Republic; Lansana Conte, president and head of state of the Republic of Guinea; Sani Abacha, head of state and commander-in-chief of the Armed Forces of the Federal Republic of Nigeria; and Pascal Lissouba, president of the Republic of the Congo.

They present warmest congratulations to Comrade Kim Chong-il on the new year.

They express the conviction that the friendly and cooperative relations between those countries and the DPRK will in the future, too, continue developing on good term.

Message From Cambodia's Sihanouk

SK0701083996 Pyongyang KCNA in English 0653 GMT 7 Jan 96

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA) — The great leader Comrade Kim Chong-il received a message of greetings from Norodom Sihanouk, King of the Kingdom of Cambodia, on the New Year 1996.

King Norodom Sihanouk in the message sincerely wished His Excellency Supreme Leader Kim Chong-il a long life in good health and glory.

He hoped that the Democratic People's Republic of Korea would keep vigorous, wonderful and overall progress along the road of chuche which started under the wise and brilliant leadership of His Excellency Generalissimo Kim Il-song, the father of the Korean revolution and benefactor of Korea's liberation, and the independent reunification of Korea would be achieved.

He paid his warmest and noble respects to His Excellency Marshal, The Supreme Leader, and assured of the absolute and invariable support of the Kingdom of Cambodia to the just cause of the DPRK.

From Foreign Party Leaders

SK0901041596 Pyongyang KCNA in English 0337 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from foreign party leaders on the new year 1996.

The messages came from P.N. Simonenko, first secretary of the Central Committee of the Ukrainian Communist Party; Vladimir Burdyugov, chairman of the Left Party of Russia; Stevan Mirkovic, president of the presidency of the Communist Workers' Movement of Yugoslavia; Ilie Verdet, president of the Socialist Workers Party of Romania; Florea Preda, chairman of the New Democratic Movement of Romania; Miroslav Stepan, general secretary of the Central Committee of the Czechoslovak Party of Communists; Vladimir Dado, chairman of the Slovak Communist Party; Samboram Shrestha, secretary general of the Central Committee of the Nepal Communist League; Rakotomandimby Selestine, national chairman of the Socialist Progressive Party of Madagascar; Abdel Hamid Mehri, general secretary of the Central Committee of the Algerian National Liberation Front; Talal Hafun Ala Mai, general secretary of the People's Unity Party (Unionist) of Jordan; and Angel Castro Lavarello, chairman of the Peruvian Front for National Liberation.

They extend warmest congratulations to Comrade Kim Chong-il on the new year.

They express the conviction that the Workers' Party and people of Korea will achieve success in the efforts for socialist construction and national reunification under the wise leadership of Comrade Kim Chong-il and the friendly and cooperative relations between those parties and the WPK grow stronger and develop.

Comrade Kim Chong-il also received a message of greetings from the political executive committee of the socialist party of Kazakhstan on the new year.

New Year's Cards Exchanged

SK0901050096 Pyongyang KCNA in English 0347 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — The great leader Comrade Kim Chong-il exchanged new year's cards with foreign heads of state and party leaders on the new year 1996.

Among them are Tuanku Ja'afar ibni Almar-hum Tuanku Abdul Rahman, King of Malaysia; Punsalmaagiyn Ochirbat, president of the State of Mongolia; Hafiz al-Asad, president of the Syrian Arab Republic; Yasir 'Arafat, president of the State of Palestine, chairman of the executive committee of the Palestine Liberation Organisation and head of the National Authority of Palestine; Glavkos Kliridhis, president of the Republic of Cyprus; Islam Karimov, president of the Republic of Uzbekistan; Shankar Dayal Sharma, president of the

Republic of India, P.V. Narasimha Rao, prime minister of the Republic of India; Norodom Ranariddh, first prime minister of the Royal Government of Cambodia and chairman of the Funcinpec Party; Hun Sen, second prime minister of the Royal Government of Cambodia; Chea Sim, chairman of the Central Committee of the People's Party of Cambodia and president of the National Assembly; Jerry John Rawlings, president of the Republic of Ghana; Cassam Uteem, president of the Republic of Mauritius; Antonio Manuel Mascarenhas Gomes Monteiro, president of the Republic of Cape Verde; Valentine Esegragbo Melvin Strasser, head of state of the Republic of Sierra Leone and chairman of the National Provisional Ruling Council; Robert G. Mugabe, president of the Republic of Zimbabwe; Kiro Gligorov, president of the Republic of Macedonia; Michal Kovac, president of the Republic of Slovakia; Slobodan Milosevic, president of the Serbian Republic; Zoran Lilic, president of the Federal Republic of Yugoslavia; Cheddi Jagan, president of the Cooperative Republic of Guyana; P.J. Patterson, prime minister of Jamaica; Alberto Fujimori Fujimori, president of the Republic of Peru; Farouk Dahrouj, general secretary of the Central Committee of the Lebanese Communist Party; Dilip Barua, general secretary of the Central Committee of the Communist Party of Bangladesh (Marxist-Leninist); Nir Mal Sen, general secretary of the Central Committee of the Workers and Peasants Socialist Party of Bangladesh; Khalequzzaman Bhuiyan, convenor of the Central Committee of the Socialist Party of Bangladesh; Lqbal Ahmed Khan, secretary general of the Pakistan Muslim League; A. Dzhalalov, first secretary of the Central Committee of the People's Democratic Party of Uzbekistan; Tomiichi Murayama, chairman of the Central Executive Committee of the Japan Social Democratic Party; Huudu Yahaya, general secretary of the National Democratic Congress of Ghana; Lawrence Mtazama Gama, general secretary of the Revolutionary Party of Tanzania; Klaus Riis, chairman of the Central Committee of the Communist Party of Denmark (Marxist-Leninist); Jean Videnov, chairman of the Supreme Council of the Bulgarian Socialist Party; Rolf Hagel, chairman of the Swedish Communist Party; Miroslav Grevenicek, chairman of the Central Committee of the Czechy-Morava Communist Party; Timo Lahdenmaki, chairman of the For Peace and Socialism-the Communist Workers' Party of Finland; Chairman Zbigniew Wiktor and Vice- Chairman Stanislaw Ognik of the National Executive Committee of the Polish League of Communists "Proletariat"; Thurmer Guyla, chairman of the Hungarian Workers' Party; H. Desmond Hoyte, leader of the People's National Congress of Guyana; and Renan Raffo Munoz, general secretary of the Central Committee of the Peruvian Communist Party.

Kim Chong-il Remarks Lauding Red Flag Cited

SK0901053296 Pyongyang KCNA in English 0431 GMT 9 Jan 96

["Red Flag, Banner of All Victories of Korean Revolution; Editorial Article of NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Our red flag is a sacred flag connected with the whole life of the great leader Comrade Kim Il-song and the flag of faith associated with the great revolutionary philosophy of respected General Kim Chong-il.

It is an iron will of the Korean people to make a long way for the revolution under the guidance of respected General Kim Chong-il, holding aloft the red flag which flied in the thick forests of Mt. Paektu.

This is the topic of an editorial article of NODONG SINMUN today.

The article quotes the great leader Comrade Kim Chong-il as saying:

"As a revolutionary song says, we will defend the red flag of the revolution to the end even if cowards change their principles.

"We will advance, holding the flag of chuche higher."

The article further says:

Our red flag is associated with the revolutionary philosophy of chuche, the revolutionary philosophy of single-hearted unity and the philosophy of faith.

It is a crystalline of the idea and ideology of chuche. To hold the red flag aloft means to uphold the banner of the chuche idea. The noble intention of respected General Kim Chong-il contained in the red flag is that we must accomplish the Korean revolution with the chuche idea, the great revolutionary idea authored by the respected leader Comrade Kim Il-song, not with any other idea.

The philosophy of the red flag is the philosophy of independence and creation whereby we believe only in our own strength, live in our own way and shape our destinies as required by the chuche idea. The might of the philosophy of the red flag lies in that it makes us break through all difficulties and create things out of nothing with the iron faith that we should believe only in our party, leader and people.

It is not money or nuclear weapons but the great revolutionary philosophy of chuche that moves and changes the world. "Live our own way, struggle our own way and create things in our own way," this is an eternal guideline of victory expounded by respected

General Kim Chong-il on the basis of summing up the long history of the Korean revolution.

The philosophy of the red flag calls for achieving the unity on the highest level on the basis of one centre and accomplishing the purest cohesion without any slightest fault. This philosophy makes the leader and soldiers, the leader and people form a great harmonious whole in which their idea and desire is one, their ideal and aspiration is one and their feeling and sentiment is one. It is the banner of perfect singlehearted unity in which there is no betrayer or any person who has his own ax to grind and in which there is no slightest ideological degeneration and organisational split.

It is an eternal philosophical principle of the revolution because it represents the will and readiness of revolutionaries to firmly unite around their leader.

It is the philosophy of the red flag expounded by respected General Kim Chong-il that a revolutionary should resolutely defend and fly the red flag throughout his life. It is pulsating with the principles of revolutionaries not to bend themselves even if their bones are broken to pieces and with a noble goal of their life to enjoy immortality in the bosom of their leader, enveloped in the red flag even if they die.

The philosophy of the red flag is an eternal banner of all victories because it is the revolutionary philosophy of chuche, the philosophy of singlehearted unity and the philosophy of faith.

Our philosophy of the red flag is the most glorious banner.

It is a source of inexhaustible strength which provides the Korean people with unshakable faith in socialism.

It is their steadfast faith to proudly and powerfully demonstrate the mettle of socialist Korea which is advancing under the red flag.

Guinean Ambassador Pays Homage to Kim Il-song

SK0801040396 Pyongyang KCNA in English 0344 GMT 8 Jan 96

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — Abou Camara, Guinean ambassador to Korea, on Sunday [7 January] visited the Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state, and paid homage to him.

The ambassador wrote in the visitor's book that his excellency President Kim Il-song, the great leader of the Korean people, was a great man whom the world's people have looked up to and revered. His immortal revolutionary feats for humankind will be handed down to posterity for all ages, he added.

Earlier, he laid a bouquet before the statue of President Kim Il-song on Mansu Hill and made a bow to him.

Kim Il-song Honored at Embassy in Mexico

SK0801090796 Pyongyang KCNA in English 0806 GMT 8 Jan 96

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — Chairman Hector Mauel Andreu and Secretary General Jose Rodriguez Hernandez of the Mexican Fellowship Union to honor the memory of President Kim Il-song visited the Korean Embassy in Mexico City on the new year and, on behalf of all the union members, laid a floral basket before the portraits of the Great Leader President Kim Il-song and the Great Leader Comrade Kim Chong-il before making a bow.

Workers Pay Homage to Kim Il-song at Kumsusan

SK0801035796 Pyongyang KCNA in English 0342 GMT 8 Jan 96

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — Working people from all walks of life on January 7 called at the Kumsusan Memorial Palace, the supreme holy palace, on the lapse of 18 months since the death of the great leader President Kim Il-song and paid homage to him with deep reverence.

Officials, workers and intellectuals of factories, enterprises and universities in Pyongyang, including the Kangdong Area Coal Complex, the Pyongyang General Lighting Appliances Works, the Pyongyang Silk Mill, Kim Il-song University, Kim Chaek University of Technology, Kim Hyong-chik University of Education and University of Construction and Building Materials, visited the Kumsusan Memorial Palace in a most humble reverence.

They made deep bows on the new year to President Kim Il-song, the father of socialist Korea.

The visitors made a firm determination, before the fatherly leader President Kim Il-song, to bring into fuller play the might of our socialist motherland by vigorously pressing ahead with the general march in the new year, united in one mind around the great leader General Kim Chong-il.

Overseas Koreans Visit Kim Il-song Statue

SK0901041696 Pyongyang KCNA in English 0339 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Members of an art troupe of Korean school children in Japan headed by Pak Chom- sok, vice-director of a department of the Central Standing Committee of the General Association of Korean Residents in Japan

(Chongnyon), a delegation and a home-visiting group of overseas compatriots staying in the socialist homeland Monday laid a floral basket before the statue of the great leader President Kim Il-song on mansu hill before making a bow.

Written on the ribbon of the floral basket were letters reading "The great revolutionary feats of the respected leader generalissimo Kim Il-song will be immortal."

CPRF Head Stresses Kim Il-song's Principles

SK0901084796 Pyongyang KCNA in English 0415 GMT 9 Jan 96

["CPRF Secretariat Director Calls for Reunification Based on Great National Unity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — The director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland, [CPRF] Han Si-hae, voiced support for the policy put forward by the Workers' Party of Korea (WPK) for national reunification, the policy which was explained by a joint editorial carried by the papers NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON, greeting the new year 1996.

In a statement he said:

It is the second year since the Great Leader Comrade Kim Il-song passed away after signing an important document concerning national reunification. This year we should redouble our efforts to make great achievements in the struggle for the unity of the nation and the reunification of the country. To this end, we should invariably adhere to the principles and policies for national reunification which were put forward by the WPK.

The three principles — independence, peaceful reunification, and great national unity — the 10-point programme of the great unity of the whole nation and the proposal for the founding of the Democratic Confederal Republic of Koryo, which were advanced by Comrade Kim Il- song, are the banner of genuine patriotism and the most just and reasonable reunification programme common to the nation.

In promoting national reunification with the whole nation united closely under this banner of reunification, genuine patriotism is manifested and eternal prosperity of the nation guaranteed.

All the compatriots in the North, South and overseas must rise up in the nationwide struggle to establish a reunified state involving the whole nation through confederation, united closely as the same nation, irrespective of party grouping and affiliation, political view and religious belief.

Though obstacles still remain in place in the efforts for the country's reunification owing to the moves of the separatists at home and abroad, the reunification is definite as the whole nation's struggle for it is wisely led by the Great Leader Comrade Kim Chong- il, the lodestar of national reunification, and the struggle is based on the most just principles and ways, Han Si-hae emphasized.

Pak Song-chol Meets With Guinean Ambassador

SK0801094096 Pyongyang KCNA in English 0903 GMT 8 Jan 96

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — Vice- President of the DPRK Pak Song-chol today met and had a talk with the Guinean Ambassador E.P. [Extraordinary Plenipotentiary] to Korea Abou Camara who paid a farewell call on him at the mansudae assembly hall.

Kim Chang-ryong, vice-minister of foreign affairs, was on hand.

Vice-Premier and Foreign Minister Kim Yong-nam also met and had a talk with the ambassador today.

Kang Song-san Greets New Premier of Mauritius

SK0801093996 Pyongyang KCNA in English 0902 GMT 8 Jan 96

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — Kang Song-san, premier of the Administration Council of the DPRK, sent a message of greetings to Nabin Ramgulam on the election as prime minister of Mauritius.

The message expressed the belief that the friendly relations between the two countries will develop on good terms and wished him a success in his work for prosperity of the country.

Hwang Chang-yop Meets Vietnamese Ambassador

SK0901222496 Pyongyang KCNA in English 0936 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, met and had a talk with Duong Chinh Thuc, Vietnamese ambassador to the DPRK, who paid a farewell call on him on Tuesday.

Youth Urged To Practice 'Socialist Emulation'

SK0601043796 Pyongyang KCNA in English 0339 GMT 6 Jan 96

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — The young people of Korea are now hardening their determination to demonstrate once again to the whole world the mettle of the Korean young vanguards by uniting themselves closer around the great leader Comrade Kim Chong-il under the slogan of the struggle and advance "Let us fully display the spirit of socialist Korea, holding the red flag aloft!" set forth in a joint editorial carried by the newspapers of the Workers' Party of Korea, the Army and the youths.

This was expressed at a meeting of young vanguards held at the Chollima Steel Complex in Nampo Municipality on Friday [5 January] to make their pledge of loyalty to become an advance guard, a shock brigade in the New Year's advance under the red flag.

At the meeting they challenged the LSWYK [League of Socialist Working Youth of Korea] organizations and young people throughout the country to a socialist emulation.

The meeting stressed that it is the task of the members of the League of Socialist Working Youth of Korea and young people to become an advance guard and shock brigade in the advance in the new year, holding the red flag of revolution and the torch of chuche aloft under the leadership of respected supreme commander General Kim Chong-il and to fully discharge their honorable mission and duty as the young vanguards of the party, the reserved combat unit of the supreme commander this year, which marks the second year after the great leader President Kim Il-song passed away and the 70th anniversary of the "Down-With-Imperialism Union" founded by him.

It was also stressed that they should become rifles and bombs in the decisive battle for defending respected General Kim Chong-il with absolute worship for him as the young communists safeguarded the great leader Comrade Kim Il-song with their lives during the anti-Japanese revolutionary struggle.

The meeting emphasized that they should become creators of merits, young heroes and heroines by standing in the van of hard and difficult work in all sectors of socialist construction and living and fighting in the spirit of the "arduous march" and thus adorn the 50th anniversary of the LSWYK as a grand political festival.

Coal Production Said 'on the Increase'

SK0901222096 Pyongyang KCNA in English 0857 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Coal production is on the increase in Korea.

According to data available at the Ministry of Coal Industry, coal output has jumped these days by a daily average of 80 percent compared with the end of last year.

The Tokchon Area Coal Complex has increased its coal output 2.5 times that in the same period by raising the operation rate of mining and coal-carrying equipment in response to the joint editorial carried by the newspapers of the party, the army and the youth.

The Sunchon Area Coal Complex is now turning out over 4,700 more tons of coal on a daily average than what was at the end of last year.

Daily coal production plans are now being carried out at 115 percent at the Kaechon, Onsong and other area coal complexes.

The North Hwanghae Provincial Area United Sapropelic Coal Mine is now producing several hundred more tons of coal every day than at the end of last year by keeping tunnelling ahead of coal cutting.

South Korea

U.S. Wants To Expand KEDO To Share Costs

SK0701082796 Seoul YONHAP in English 0659 GMT 7 Jan 96

["U.S. Gov't Plans To Increase KEDO Executive Board Countries" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Jan. 7 (YONHAP) — The U.S. Administration seeks to increase the number of the Executive Board member countries of the Korean Peninsula Energy Development Organization (KEDO), a South Korean Government source said Sunday.

Presently the KEDO Executive Board countries number three: South Korea, the U.S. and Japan.

"Washington has proposed through an unofficial channel the idea of increasing KEDO Board member countries," the source said.

He said the U.S. has conceived the idea apparently with the European Union (EU) in mind.

The United States seems trying to increase KEDO Board countries as a means of resolving the larger-than-expected cost of the light-water reactor project and the burden of supplying substitution fuel to North Korea, the source said.

U.S. Proposal for EU KEDO Membership Viewed

SK1201083696 Seoul CHUNGANG ILBO in Korean 12 Jan 96 p 4

[Editorial: "The United States Tries To Reflect Credit on Itself Through KEDO"]

[FBIS Translated Text] Recent voices in the U.S. policy on North Korea remind us of the old proverb that when one exercises their talent, others profit. Following its urgings for us to provide additional rice aid to North Korea, and showing no regard for our situation, the United States is now reportedly trying to change the structure of the Korean Peninsula Energy Development Organization [KEDO] in a bid to finance the heavy oil to be provided to North Korea.

The U.S. proposal as regards the changes in the KEDO structure is to have the European Union [EU] become a member of the KEDO Executive Board—which is currently composed of the ROK, the United States, and Japan—in return for their sharing the burden of the heavy oil costs of the United States. The ROK, the United States, and Japan will reportedly discuss this at a KEDO-related meeting to be held in Seoul on 11 January [as published].

In light of the U.S. situation, it appears the ROK has no choice but to accept their proposal. The United States promised to provide North Korea with 500,000 tonnes of heavy oil annually until the light-water reactor construction is completed, with the total cost of the heavy is estimated at $500 million. However, the U.S. Government has secured only $19 million in the budget approved by Congress this year. Thus, the United States requested the cooperation of Middle East oil-producing nations and European nations. As a result, the EU expressed its willingness to donate $20 million under the condition that it be allowed to participate in KEDO operations.

The United States persuaded the ROK and Japan to accept the EU proposal, and our government will reluctantly agree to it because there is no alternative. What matters is that when the proposal is accepted, our government's policy toward North Korea, which is to use the light-water reactor project to improve South-North relations, will be impaired.

First, it will be necessary to amend KEDO regulations. In addition, the increase in the number of Executive Board members may complicate decision-making procedures and reduce efficiency. Since the EU is going to provide donations for 10 years until the light- water reactors are completed, it will certainly demand not only the right to speak in KEDO, but the right to participate in the reactors' construction. Accordingly, if we have accept the U.S. proposal, we should prepare measures for systematic discrimination against the EU's role to minimize those expected problems.

Survey: U.S. Keeps 'Nontariff Trade Barriers'

SK0701043396 Seoul YONHAP in English 0409 GMT 7 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — South Korean businesses feel that the United States Government maintains nontariff trade barriers by setting unreasonable anti-dumping margin rates, excessive tax surveillance of Korean firms in the United States, and adopting a governmental preference policy for American products, a Foreign Ministry official said Sunday.

Revealing the outcome of the ministry's survey of Korean businesses operating overseas, International Trade Bureau Chief Chang Ki-ho said that Korean firms also feel that U.S. Customs and Food and Drug Administration (FDA) officials lack coordinated import inspection standards.

The survey of Korean businesses operating in 87 countries revealed that Canada also maintains nontariff barriers by imposing anti-dumping taxes on steel and other major Korean exports, raising the local content rate to 62.5 percent for Korean businesses operating in Canada and limiting the right to choose executive board directors.

Korean businessmen in Canada also complained that it takes up to 10 months for them to get a visa for business purposes and that Korean driver's licenses are not accepted by Canadian police.

Korean businessmen in both countries were also dissatisfied with the fact that the United States and Canada ask them to renew their visas every year, according to the survey.

Australian Standard (AS) meanwhile serves as an effective way to thwart Korean firms trying to make inroads into Australia, the survey result said, adding that Australian authorities tend to accept only those bids which have Australian Standard (AS) in government procurement and construction projects.

Japan demands that Korean construction materials and container exports be subjected to double inspection at 500,000 Japanese yen per inspection, according to the survey.

Japan also maintains preferential treatment for Japanese firms in government procurement of some products, and sets complicated standards for retail liquor licenses and textile as well as fishery import quotas.

China, which is rapidly moving toward becoming a market economy, has yet to establish comprehensive trade and investment policy, causing Korean firms to pay expenses which do not arise in other countries, in the course of trading and investment procedures.

What Korean businessmen complain about most in China is that they must post bond to import into China materials that will later be exported to other countries, according to the survey outcome.

Chinese banks tend to delay payments for imports and exports, the survey said.

Korean businessmen in the European Union (EU) want EU countries to expedite issuance of business visas for Koreans, reduce social security taxes and accept Korean driver's licenses.

South Korean businesses have not encountered major obstacles to the Czech or other east European markets while Russia, Romania and other developing countries in east Europe still pose difficulties Korean firms must overcome. They include a lack of security, infrastructure and comprehensive tax and financial policies.

Director General Chang said that his ministry will carefully scrutinize these complaints before forwarding them to trade negotiators in other countries.

He added that his ministry will establish a complaint database and maintain close contact with businesses to solve those problems through consultations with the governments of foreign countries.

He said that this survey is part of the ministry's effort to take a more aggressive trade diplomacy stance, to help Korean businesses survive fierce international competition.

U.S. Trade Monitoring Agency Idea Analyzed

SK0701151896 Seoul HANGUK ILBO in Korean 7 Jan 96 p 5

[Article by reporter Yi Chae-yol: "'New Source' of ROK-U.S. Trade Frictions"]

[FBIS Translated Text] Since the United States has decided to set up an agency to monitor the implementation of trade agreements with foreign countries, it is expected that the United States will beef up its trade pressure in a new fashion. This is because it appears that the United States intends to shift its emphasis from signing agreements to resolve trade disputes to implementing those signed agreements. This means that the United States intends to make substantive gains by carefully monitoring the implementation of agreements.

It has long been expected that an agency for monitoring trade would be set up. Therefore, this development is not surprising. Rumors have circulated around the Office of the U.S. Trade Representative since late last year that the United States would seek to set up this agency. And, in its report titled "A New Blueprint for Mapping out New U.S. International Economic Policy," the Economic Strategy Institute, a Washington-based think tank, predicted last November that the United States would merge various agencies to form a new trade organization.

It is believed that the United States plans to set up the trade monitoring agency because of the upcoming elections. However, that will not necessarily make this agency a weak one. And the Office of the U.S. Trade Representative has said that the United States did not map out plans for this agency with the election in mind, saying that this will be a permanent agency and that it will be staffed by officials who have much knowledge and rich experience. Moreover, considering the fact that strong criticism has mounted that Clinton's free trade policy has resulted in U.S. job losses, the inauguration of this monitoring agency will make U.S. trade policy tough. This is a natural assumption.

In particular, the inauguration of this monitoring agency would be embarrassing to the ROK, which has given in at every trade negotiation. When announcing the plan to inaugurate this trade monitoring agency, U.S. Trade Representative Kantor hinted that the ROK is a major target of the U.S. offensive, giving the shelf-life issue and the car market as examples. Representative Kantor says: "The new agency will first handle such issues as presenting the shelf-life issue, a dispute between the ROK and the United States, to the World Trade Organization [WTO]. And the measure under the Super 301 provision has led to an ROK-U.S. agreement on the opening of the ROK auto market." Moreover, the Office of the U.S. Trade Representative has criticized the ROK as a "country that does not fulfill its promises." This further worries us. In reality, U.S. Trade Representative Kantor and Deputy Representative Barshevsky, who is in charge of ROK affairs, often complain about the ROK.

The new agency may well serve as an omnipresent weapon, taking issue not only with the ROK's imports of cars and foodstuffs, but also with other areas that used to be bones of contention between the two countries. The functions of this monitoring agency will include the abolition of trade barriers, which creates jobs, and the monitoring of foreign countries' violations of bilateral trade agreements. Therefore, the agency will have every means to bring trade pressure to bear. Because of the new agency, intellectual property rights and "dead" trade issues between the ROK and the United States may not prove to be dead forever. If the agency monitors our domestic market, this will give rise to many problems. Because of the agency, which will be set up for the elections, ROK-U.S. trade will undergo a gloomy year in 1996.

Seoul Decides To Firmly Implement U.S. Accords

SK0801041996 Seoul MAEIL KYONGJE SINMUN in Korean 7 Jan 96 p 2

[Report by reporter Mun Chae-won]

[FBIS Translated Text] In connection with the 5 January announcement by Mickey Kantor, U.S. trade representative, that the United States will establish an agency to monitor the implementation of trade agreements, the government has decided to focus on sincerely implementing the existing agreed upon matters to avoid ROK-U.S. trade friction.

On 6 January, an official of the Ministry of Finance and Economy revealed: "It is expected that trade pressures will increase since it will be regarded as an important issue of dispute in the upcoming November presidential elections in the United States. The new trade issue is important, but we will place greater emphasis on implementing agreed upon matters in the existing ROK-U.S. agreement."

In this connection, the government dispatched employees of related ministries—such as the Ministry of Commerce and Industry and the Ministry of Agriculture, Forestry, and Fisheries—to the Office of International Cooperative Relations, which was established within the Ministry of Finance and Economy late last year. It was decided they will regularly examine whether the trade agreement is being implemented.

In addition, the ROK proposed to the United States that officials who make ROK-U.S. trade policy meet regularly to establish an unofficial consultative system to examine pending issues.

The automobile, medical equipment, and agricultural products of our country are of interest to the United States.

Important contents in the automobile sector were agreed upon in September of last year. Thus, we plan to sufficiently implement its contents, and plan to hold consultations on the food circulation period on 16 or 17 January.

In addition, for a smooth agreement on the food inspection system, which has been brought against by the International Trade Organization, it was decided that negotiations will be held with the United States in late January in Geneva.

Dailies on How To Handle U.S. 'Trade Pressure'

SK0801123996

[FBIS Editorial Report] The following is a compilation of editorials published in ROK vernacular dailies on 8 January concerning U.S. trade pressure on the ROK.

The pro-government SEOUL SINMUN carries on page 1 a 1,400-word editorial titled "U.S. Trade Pressure To Increase in the New Year." The editorial says the U.S. decision to establish a Monitoring and Enforcement Unit within the U.S. Trade Representative's Office shows "the Clinton administration's intention to intensify trade pressure during the presidential election campaign this year." The editorial continues: "Whenever it has an election or a political event, the United States practices 'inclusive diplomacy' with its trade partners by using its economic might as a weapon. I want to ask if this is truly reasonable."

The editorial then supposes that "the ROK, regarded as the country that accepts U.S. trade pressure the most easily, must be the target of the U.S. offensive," and notes that the ROK "accepted most U.S. demands" during a series of previous trade negotiations "to strengthen mutual economic cooperation, although U.S. trade pressure involves a great deal of interference in domestic affairs."

The editorial then says: "We cannot but believe that the United States intends to abuse our government's negotiating trait of valuing compromise and concession" and urges the United States to "abandon 'the arrogance of power.'" It also urges the United States to "awaken itself to the fact that by doing so, it can not only increase its industrial competitive strength, but also contribute to the world's economic development and prosperity through free trade."

The editorial stresses that "the government should no longer allow the United States to use our side's concessions in trade negotiations as a weapon in its politics or in trade negotiations with other countries" and "should strictly refuse U.S. trade pressure with regard to domestic affairs." It then urges the government to "re-examine its strategic countermeasures." The editorial also stresses "the need to actively utilize multilateral negotiations through the World Trade Organization, rather than focus on resolving issues through bilateral negotiations," as well as the need to "revise trade laws and systems that may cause conflicts."

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial titled "Trade Pressure

Should Be Handled With a Dignified Attitude." The editorial notes the ROK's "unskillful and weak trade diplomacy" and urges the government to practice an "omnidirectional trade diplomacy with firm tactics and strategies" and have a "completely new determination and measures" in coping with "amplifying trade pressure" and the "high-handedness of powerful countries." The editorial points to "today's reality" in which the U.S. pressure "cannot but increase" because the United States is "still unsatisfied" with its trade with the ROK. The editorial then stresses that the government "should build trust by thoroughly keeping its promises — it should give the United States what it has promised to give. But it should also strictly answer 'no' to any unreasonable accompanying onslaught of demands." The editorial underlines the "need to actively participate in pertinent international organizations and increase civilian-level understanding and cooperation." It also warns the government "not to repeat such a breach and disharmony as shown by our trade negotiation team before the enemy during the previous automobile talks," and urges an "organizational and personnel reshuffle."

Seoul, U.S. Decide To Cancel 'Team Spirit'

SK1301014696 Seoul KYONGHYANG SINMUN in Korean 12 Jan 96 p 1

[Report by Yi Pyong-kwang]

[FBIS Translated Text] It was learned on 11 January that the government has decided not to conduct this year the ROK-U.S. joint military exercise Team Spirit, which has been canceled for the past two years. The U.S. State Department reportedly conveyed its position through a diplomatic channel at the beginning of this year, that the resumption of the Team Spirit military exercise is not desirable and our government agreed.

Former U.S. President George Bush Visits

SK1201113696 Seoul YONHAP in English 0904 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — Former U.S. President George Bush said Friday he is not relaxed now and no less concerned about North Korea than during his last visit here in 1992 as chief executive.

Bush made his remarks in his lecture "United States-Korea Partnership: Past Accomplishments and Future Opportunities," part of Citibank's Asian Leadership lecture series. The series has featured speakers such as former British Prime Minister Margaret Thatcher, former German Chancellor Helmut Kohl, former U.S. Secretary of State Jim Baker, and futurist author Alvin Toffler.

Speaking at the Grand Ballroom of the Seoul Grand Hyatt Hotel, he said there has been no fundamental difference in the communist state since 1992. Saying he would treat the situation the same now as he did four years ago, he called on Washington and Seoul "to have their eyes wide open" in dealing with the North Korean threat.

Calling South Korea a vital U.S. ally and crucial to the security and political and economic well-being of Asia, he expressed confidence in its ability and willingness to take on future challenges.

"Korea has not backed away from a challenge, it's not Korean nature," he said, adding that the nation has always stood up for its beliefs.

He praised Seoul's effort to normalize relations with China and Russia, saying it was in accordance with the times as well as the drive for globalization initiated by the current Seoul government.

Stressing the strong ties that South Korea and the United States have enjoyed, Bush cited the Vietnam war and Operation Desert Storm as examples of Korean-American cooperation.

Calling its industrialization "absolutely remarkable," he said South Korea's role is to be an example to those seeking to emulate its success.

Bush, however, noted the numerous barriers in the Korean market to both domestic and foreign competition, as well as the problems of central planning and overregulation. He wished the South Korean Government luck in its current attempt to liberalize the economy.

On Koreans in America, he referred to Korean immigrants there as being "one of the greatest success stories in American entrepreneurship today." Also commending the large presence of Koreans studying in the United States, he said such scholars are literally "teeming" at American universities.

On his greatest accomplishment as president, Bush named the Strategic Arms Reduction Treaty (START) that Washington signed with Moscow.

He also cited Mikhail Gorbachev, Margaret Thatcher, and the late Francois Mitterrand as world leaders he had met who left the greatest impression on him.

Prior to the luncheon, Bush, along with his wife Barbara, joined Citibank officials as they donated 126,000 U.S. dollars to Dr. Kim Chung-yong, South Korea's leading researcher of liver cancer. Dr. Kim accepted the grant on behalf of the Liver Cancer Research Institute of Seoul National University's College of Medicine.

DPRK Reportedly Asks U.S. To Lift Sanctions

SK0701141596 Seoul MAEIL KYONGJE SINMUN in Korean 7 Jan 96 p 2

[Report by Chong Po-chol]

[FBIS Translated Text] North Korea has reportedly strongly requested that the United States lift financial sanctions.

An official of the National Unification Board said on 6 January: "The United States has not lifted the freeze on North Korea's assets in U.S. banks worth $14 million, nor has it lifted the prohibition on third-country banks settling North Korean accounts in U.S. dollars. North Korea recently requested that the United States lift these financial sanctions." The official added: "North Korea also requested that the United States give consideration to U.S. companies and Korean-American-owned companies which have signed agreements with North Korea, but are unable to make actual investments because of the sanctions."

Another official said: "The light-water reactor agreement will be meaningless if the financial sanctions are not lifted because capital and materials cannot be transacted. It is only a matter of time before the financial sanctions will be lifted."

A diplomatic source in Seoul said: "The United States is positively examining the lifting of sanctions. This will depend on the progress of working-level negotiations on opening liaison offices and the light-water reactor project."

Unlike economic sanctions, the administration is in charge of financial sanctions in the United States. Therefore, an order from the president will do. However, the United States reportedly will continue its economic sanctions on North Korea for the time being.

Nunn: Long-Term Approach Needed on DPRK Aid

SK1201074896 Seoul YONHAP in English 0731 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — The hunger problem in North Korea cannot be cured by emergency shipments of food unless they are part of a broad and long-term economic approach, U.S. Senator Sam Nunn (D.-Georgia) said Friday.

Winding up an unofficial visit to Seoul, the ranking Democrat of the U.S. Senate's Armed Services Committee said that any additional shipments should be part of a broad and long-range plan in terms of an economic approach to the communist nation. He was speaking at a press conference at Seoul's Kimpo International Airport just prior to his departure for Tokyo.

"I believe that it (the North Korean food shortage) is a structural problem," he said, "the problem is likely to recur and continue as long as North Korea continues their present economic approach and their isolationist approach."

During his trip here, Nunn met with various Seoul government officials including Deputy Prime Minister for National Unification Kwon O-ki and Defense Minister Yi Yang-ho. The Georgia Senator said he had declined an invitation from President Kim Yong-sam to meet Friday morning due to previous engagements.

He added that the purpose of his visit was simply to gather information on security issues on the Korean peninsula from Seoul officials, U.S. and Korean military sources, and U.S. Embassy staff. He added that he will present his personal views to U.S. Defense Secretary William Perry and other concerned officials.

Referring to the Hawaii meeting of officials from Seoul, Washington, and Tokyo scheduled for later this month to discuss the North Korean situation, Nunn said the talks should discuss a broader plan that does not simply focus on North Korea's food shortages.

"The Hawaii meeting will give us an opportunity to come up with a common position (on North Korea)," he said.

Any economic aid donated to the communist nation by the three countries should be on the condition that the North reduce tensions and dangers on the peninsula, he added. The three nations should also show their willingness to work with North Korea through mutual confidence-building measures.

"South Korean and U.S. forces pose no threat to the North," Nunn said, calling any attack by Pyongyang on the South as "doomed to catastrophic failure."

He then declared that the confrontation between the two Koreas can be eased and eventually solved through dialogue.

If North Korea is to gain the confidence and good faith of South Korea and its allies, Nunn said, certain military issues must be addressed.

They are, according to Nunn, an exchange of defense information: infrastructure and budget figures: notification of military exercises and large troop movements near the Demilitarized Zone: exchange of observers during maneuvers: the establishment of risk reduction and crisis prevention centers: and the end of provocative actions in border areas.

He also mentioned such confidence boosters as discussions on equipment limitations in forward locations, which he said were of enormous importance in reducing the risk of a surprise attack, gradual reductions in military forces, and agreements on biological and chemical weapons.

Nunn said economic assistance and cooperation with North Korea will be difficult to sell to both the American and the South Korean public unless North Korea is prepared "to travel down the path of reducing tensions and dangers and engage in meaningful and good faith dialogue with the South."

"If North Korea chooses engagement, the United States and South Korea must be prepared for a coordinated response, a coordinated plan and a coordinated effort that will be just as carefully prepared as we have prepared our very successful military defensive efforts over the years."

U.S. 'Considering' Lifting Sanctions on DPRK

SK0901002096 Seoul CHUNGANG ILBO in Korean 9 Jan 96 p 1

[Article by reporter Choe Won-ki]

[FBIS Translated Text] The U.S. Embassy in the ROK said that the United States is considering the gradual lifting of economic sanctions on North Korea, including the granting of most favored nation status.

An official from the U.S. Embassy in the ROK said, "With the signing of the agreement on the provision of light-water reactors between North Korea and the Korean Peninsula Energy Development Organization (KEDO) around the end of last year, the atmosphere has been created for the additional lifting of economic sanctions on North Korea," and added, "Washington is considering extensive measures ranging from lifting the freeze on North Korean assets to granting most favored nation status."

He said, "This is not likely to be realized immediately, however, because granting North Korea most favored nation status is in breach of existing laws." The U.S. Government official's remark is noteworthy because it hints that Washington could initially lift the freeze on North Korea's $14 million in assets and permit North Korean-U.S. financial transactions during the first half of this year, and then grant most favored nation status to North Korea if North Korea takes sincere and tangible steps toward the alleviation of tension on the Korean peninsula, such as the withdrawal of troops and equipment it has forward deployed near the truce line.

Hawaii DPRK-U.S. Military Contact Discussed

SK1201070096 Seoul HANGUK ILBO in Korean 12 Jan 96 p 3

[Editorial: "DPRK-U.S. Talks Attract People's Attention"]

[FBIS Translated Text] In talks to be held in Hawaii beginning today, North Korea and the United States will discuss the issue of returning the remains of American soldiers missing during the Korean war. Observers point out that the talks, going beyond the level of discussing the repatriation of the remains, practically have a nature of military dialogue, thus attracting the people's attention. Although the United States emphasized that the talks are aimed at discussing only the digging and returning of the remains, the North Korean delegation stated that "all matters of mutual interest, including the issue of returning the remains, will be discussed." Furthermore, in view of the personal background of delegates from both sides, it is strongly suggested that the talks will be a channel for new military dialogue.

The channel of dialogue between North Korea and the United States is, by nature, the conference of senior secretaries of the Military Armistice Commission [MAC] pursuant to the Armistice Agreement which came into force on 27 July 1953. The MAC is the organization signed and recognized between North Korea and China and the UN Forces, under which 16 nations participated in the war. Nevertheless, since the mid-eighties, North Korea has persistently demanded a peace agreement to be signed independently with the United States by abolishing the current Armistice Agreement.

Along with this, North Korea withdrew from the Armistice Commission in April 1994, and unilaterally set up the People's Army mission in Panmunjom in May. North Korea also shut down the office building of the Neutral Nations Supervisory Commission in May 1995, and restricted travel in the Joint Security area. Thus, North Korea has been attempting to nullify the Armistice Agreement.

The purpose of North Korea for making the MAC powerless is clear. That is: By excluding the ROK, North Korea is scheming to increase its influence over the issue on the Korean peninsula by concluding a peace agreement with the United States and to expedite nullification of the ROK-U.S. Mutual Defense Treaty, following the withdrawal of U.S. troops from Korea. Thus, North Korea ultimately seeks to achieve reunification by communizing the South.

When we keenly look into the Hawaii military contact between North Korea and the United States, we come to notice that the contact is the concrete implementation of North Korea's scheme to make the Armistice Commission powerless and that the U.S. response to the contact is a consent to such attempt by North Korea. All questions concerning the Korean war are supposed to be discussed at the Armistice Commission pursuant to the Armistice Agreement. Besides, North Korea and the United States have mapped out and put into force the agreement on cooperation for the process of investigation, digging and repatriation of the remains of U.S. soldiers during Panmunjom working-level officials' contact in August 1993. As such, holding talks, pushing aside the MAC, and moreover in a place other than Panmunjom, means that North Korean intent has been achieved as desired.

This being the situation, it appears quite certain that in addition to the issue of returning the remains, relaxation of economic sanctions against North Korea, food aid, and means for North Korea-U.S. cooperation will be discussed during the current Hawaii contact.

We have no intention whatsoever to oppose the discussion of the issue of returning the remains from the humanitarian point of view. However, there is no guarantee that the contact will not work for setting a military channel between North Korea and the United States, replacing the Panmunjom Armistice Commission, and that the contact will not result in a burden of food aid and other support we have to offer to North Korea without participating in the contact.

In particular, we cannot but keep in mind "the issue of alienating the ROK" in handling the military issues between North and South Korea. Thus, we call on the government to pay keen attention to Hawaii talks and to block discussions of issues pertaining to the Korean peninsula without ROK's participation and the building of any military channel to replace the Armistice Commission.

Seoul Urged To Play Leading Role in Rice Aid

SK0601081996 Seoul TONG-A ILBO in Korean 6 Jan 96 p 2

[Article by Political Department reporter Han Ki-hung from the "Reporter's Eyes" column: "'Conflicting Stories' About Rice Aid to North Korea"]

[FBIS Translated Text] Grain aid to North Korea has been a pending international issue. However, the ROK Government has not expressed a clear-cut position on this issue.

ROK freighters transporting rice to North Korea were forced to fly North Korean flags when entering North Korean ports. After this incident, the ROK Government maintained that it would discuss additional aid with North Korea only when North Korea accepted dialogue between North and South Korean authorities and stopped denouncing South Korea.

Then — after the international community began discussing assistance to North Korea, which is facing a serious food crisis — the ROK Government began sending out conflicting signals. In his inaugural address on 21 December last year, Kwon O-ki, the new deputy prime minister and national unification minister, said: "The fact that we hate the North Korean authorities must not serve as an excuse for not doing what is beneficial to the North Korean people."

When questioned whether the ROK would provide rice to North Korea, he stated that "we will decide after consultations," adding: "It will be decided on upon seeing the situation next spring."

Prior to this, on 18 December an information officer of the National Unification Ministry, said: "The government has no plan to send additional rice to North Korea and is not considering the possibility."

On 26 December, when the crew of the 86 Usong fishing boat, which had been kidnapped by North Korea, was sent back to South Korea, an official of the ROK Foreign Ministry, said: "The ROK, the United States, and Japan will hold a high-level political consultative meeting in January 1996 in Hawaii to discuss rice aid to North Korea."

However, on 28 December Vice National Unification Minister Song Yong-tae said: "Additional rice aid will be provided only when North Korea fundamentally changes its attitude toward South Korea." He stressed: "No interministerial consultation has taken place to decide whether the three countries will discuss rice aid to North Korea."

And on 30 December, during a year-end briefing, Foreign Minister Kong No-myong said: "We may provide grain to North Korea on the condition that the North Korean food situation is examined first and that the grain is not used for military purposes."

When we hear conflicting stories from government officials, it is difficult to know whether the government intends to provide rice to North Korea or not.

The United States has reportedly told the ROK Government that it is necessary to provide grain to North Korea. And the United Nations as well has called for humanitarian aid.

Therefore, after refraining from examining over and over again whether to send rice to North Korea, the government must prudently try to find ways to take a leading role in rice aid, just like we are playing a leading role in supplying light-water reactors to North Korea.

Seoul Plans To Link Aid to Aircraft Relocation

SK0701031896 Seoul CHOSON ILBO in Korean
7 Jan 96 p 1

[Report by Kim Yon-kwang]

[FBIS Translated Text] It was learned on 6 January that the ROK Government plans to link further rice aid to North Korea with Pyongyang's relocation of the fighter-bombers it has deployed close to the DMZ.

A high-ranking government official stated: "North Korea must not only meet the three preconditions for further rice aid presented by the ROK during the Beijing talks, but must also take sincere measures as regards the situation developing after the talks. The three preconditions are that North Korean authorities must attend talks with ROK authorities, must request rice aid, and must stop slandering the ROK."

He added: "The U.S. Government insists that rice be provided to North Korea to prevent North Korean provocations. Thus, it is a matter of course that we present the relocation of the recently deployed North Korean fighter-bombers as a precondition for rice aid." The government reportedly decided to present this policy to the ROK-U.S.-Japan strategic consultation that will be held in Hawaii on 24 January, and will propose as an important agenda item the taking of measures against North Korea's production of biological and chemical weapons.

DPRK Refugee Influx Via PRC Considered

SK0701150796 Seoul TONG-A ILBO in Korean
5 Jan 96 p 3

[Report by Han Ki-hung]

[FBIS Translated Text] In light of the possibility that North Korean residents escaping from North Korea by crossing the China-North Korea border because of the serious food problems will lead to the collapse of the North Korean system, the government is considering comprehensive measures for reunification, including measures for refugees. However, the government believes the phenomenon of people escaping from North Korea is not likely to result in a grave situation in the near future because this phenomenon began a few years ago, and because the North Korean and Chinese authorities have intensified their guard along the border these days.

A National Unification Board [NUB] authority said: "While conducting a reshuffle of the military leadership in October 1995, North Korea transferred the Border Guard General Bureau, which had been under the State Security Department, to the Ministry of People's Armed Forces. North Korea has also ordered an army corps to block the border. Thus, it has become more difficult to escape from North Korea."

The government believes that because of North Korea's thorough control system, it is not likely that North Korean refugees will escape from North Korea by crossing the truce line or the river in groups like Cuban people, unable to bear economic difficulties in Cuba, have attempted in recent years to escape to the United States crossing the sea.

However, assuming that the current phenomena might be symptomatic of rapid situational changes on the Korean peninsula, the government is considering centralizing the task of preparing measures for refugees. This task is currently distributed among several government offices.

That is, many government offices have been involved in efforts to help North Korean peasants and other North Korean residents who defected to the ROK from Siberia and other places outside North Korea to settle down in the ROK. But now the government is planning to assign one office comprehensive responsibility for North Korean defectors.

Currently, the Foreign Ministry and the Agency for National Security Planning are in charge of bringing into the ROK North Korean escapees who have asked ROK diplomatic or consular offices in foreign countries to grant asylum. The Ministry of Health and Welfare and the Ministry of Home Affairs are in charge of helping them find jobs and settle down in the country in accordance with the law on protecting North Korean defectors.

The government introduced its plan to give the NUB comprehensive responsibility for North Korean escapees on the agenda of a unification-related ministers meeting presided over by the deputy prime minister for unification last year as a part of the comprehensive measures for human rights in North Korea. However, the government has yet to decide on it because of differences of opinion among relevant government offices.

A government official said: "The government plan will focus on helping North Korean refugees take root successfully in each area of our society and adapt themselves to new circumstances, not simply accepting them on each occasion."

The government refuses to disclose details of this integration plan because it is a state secret, and because even a partial disclosure of the plan may provoke North Korea.

Meanwhile, separately from preparing measures for refugees, the government is closely studying whether its humanitarian-level provision of food aid to starving North Korean citizens may bring positive strategic results in its North Korea policy.

North Importing Food by 'Illegal' PRC Trade

SK0701143196 Seoul TONG-A ILBO in Korean 7 Jan 96 p 1

[Report by Hwang Ho-taek from Dandong, China]

[FBIS Translated Text] North Korea, which is suffering from food shortages, has been importing a considerable amount of food each year through illegal trade with Chinese civilian ships on the West Sea [Yellow Sea].

There are some 200 ships in Dandong, Liaoning Province, China across from Sinuiju of North Korea that sneak into North Korean waters and are fully engaged in illegally bartering flour for thin-shelled surf clams and large clams caught by North Korean ships.

A Korean ethnic resident in Dandong said it appears that the amount of flour North Korea imports from Chinese secret trade ships each year during the period from March to December, when North Korea catches clams, reaches tens of thousands of tonnes.

The Chinese secret trade ships, loaded with about 200 25-kg flour bags, leave the port of Dandong at around 2100 and get to South Pyongan Province or North Hwanghae Province early in the morning.

When the ships approach the coast, North Korean patrol ships take them to North Korea's clam-catching ships at work after examining their identification cards so that they can conduct bartering.

In order to conceal the illegal trade, North Korea holds sway over communications facilities of Chinese ships upon their arrival and keeps an eye on them to prevent them from communicating with the outside until they leave the port.

A Korean ethnic resident identified as Yun, who often boards a Chinese secret trade ship as an interpreter, says: "I believe the secret bartering is conducted at the state level because North Korean guards report the number of flour bags that have arrived from Dandong to the superior office by wireless radio."

North Korean patrol ships collect "taxes" from Chinese ships — $200 per ship.

When the slime appears along the bank at low tide, hundreds of women come out of a group of 20 to 30 North Korean clam-catching boats to gather clams; they reboard the North Korean boats at high tide and take a rest.

Yun said: "The women have to stay on board for half-month stints, but they like it because they can eat their fill while doing so."

NKP Opposes 'Unprincipled' Aid to DPRK

SK0801045896 Seoul YONHAP in English 0444 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — Reconfirming its position against "unprincipled and indiscretionary aid" to North Korea, the ruling New Korea Party (NKP) called on the government Monday to provide food aid to the North only after the communist country officially requests it and shifts its policy toward the South.

Speaking at a high-level policy coordination meeting with the administration at the Federation of Korean Industries building, NKP Chief Policymaker Kim Chong-ho said that as long as there is no official request from Pyongyang and no reliable information on the North's food situation, South Korea should not extend any aid to the North.

He made the comments regarding the move by Seoul, Washington and Tokyo to provide food aid to the reclusive country, which is suffering from severe food shortages due to floods last summer.

But the NKP did not oppose humanitarian aid to North Korean flood victims.

Among party officials who attended the meeting, which was the second high-level NKP-administration gathering since Prime Minister Yi Su-song took the helm of the cabinet late last year, were Chairman Kim Yun-hwan, Secretary-general Kang Sam-chae, Policy Committee Chairman Kim Chong-ho and Floor Leader So Chong-hwa.

Representing the administration were Yi, Finance and Economy Minister Na Ung-pae, National Unification Minister Kwon O-ki, Home Minister Kim U-sok, Justice Minister An U-man and Trade, Industry and Energy Minister Pak Chae-yun.

The ruling party and the administration agreed that they should bear the brunt of political reforms by holding the coming parliamentary elections in a clean and fair manner, so as to establish a political tradition of clean elections.

They also agreed that the administration should place policy focus on the security and safety of the lives of the people, to be based on ongoing reform programs during the fourth year of President Kim Yong-sam's term.

North Approaches Private Relief Groups for Aid

SK0801115796 Seoul YONHAP in English 1141 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — Some social and religious organizations in the country move to send heavy equipment and their operators to North Korea to help rehabilitate the damage suffered in last summer's floods.

But, its chances look slim as the Seoul government does not readily buy the idea.

An official at the Pan-Denominations Committee for the Promotion of Flood Relief Assistance said Monday his committee has received a request from North Korean officials for participation in the rehabilitation of flood damage.

He said the Pyongyang officials who made the appeal were Kim Chong-ki, secretary of the North Korean International Trade Promotion Committee, and Yi Song-tok, the men who played a key role in the conclusion of the second Japan-North Korea rice agreement in Beijing last November.

The two North Korean officials said in the request that if the committee could lease heavy equipment and operating people to the North, it would be of much help to them, the committee official said.

They asserted in the appeal that farmlands in flood-stricken areas are covered with sands and pebbles as thick as more than 1 met, removal of which, they said, would take more than three years.

A source said the Pan-Denomination Committee has been contacting the Korean National Red Cross on the issue since under a government policy all flood relief materials raised in the private sector of the South could be furnished only through the Red Cross.

The committee was formed late last year among all major religious denominations with a view to extending a helping hand to the North Korean people suffering from the floods.

The participating denominations include Protestantism, Catholicism, Buddhist Chogye Order, Won Buddhism and Chondogyo.

A government official said the government would study the matter if the North formally asks for it through the National Red Cross.

"At the moment, however, the items and personnel asked can hardly be provided to the North because the request was made to a private organization, which seems intended to drive a wedge between the government and the private sector," he said.

Seoul Decides To 'Strongly' Express Aid Position

SK1301024496 Seoul TONG-A ILBO in Korean 13 Jan 96 p 2

[FBIS Translated Text] The government has decided to strongly express its position to the United States and Japan that unless North Korea changes its attitude, the government-level aid to North Korea for flood damages will not be offered. This view will be expressed during a high-level policy consultative meeting among the ROK, the United States, and Japan to be held in Hawaii on 24 January.

On 12 January, a high-ranking government official stated that "the United States requested our government's support for North Korea without a precise understanding of the real situation concerning food in North Korea and of North-South relations." He emphasized that "our government intends to inform the United States and Japan of the real and correct situation of North Korea and to carry through our policy."

This official said: The United States figured out the amount of last year's grain product in North Korea based on the material provided by our side. This being the situation, the government intends to resolutely reject the U.S. request for support of North Korea, which has been made without precisely grasping the real situation in North Korea.

DPRK Diplomat's Wife Asks Embassy for Asylum

SK1201230796 Seoul KBS-1 Radio Network in Korean 2200 GMT 12 Jan 96

[FBIS Translated Text] It has been learned that the wife of a North Korean diplomat in Zambia has fled to the ROK Embassy there and is now under its protection. A Foreign Ministry official said the government will express its position on this matter today [13 January]. According to a government source, Choe Su-pong, wife of a third secretary of the North Korean Embassy in Zambia, went to the ROK Embassy there to ask for political asylum.

Meanwhile, North Korea is reportedly protesting this to the Zambian authorities, alleging that the ROK Embassy kidnapped Choe. Quoting THE ZAMBIA TIMES, China's XINHUA reported today that the North Korean Embassy in Zambia was alleging that the ROK had kidnapped the wife of the North Korean diplomat.

In this regard, Zambian Vice Foreign Minister (Tans Capoma) personally interviewed Choe Su-pong and has reportedly informed the North Korean Embassy that she is safe.

Foreign Ministry Comments

SK1301015196 Seoul YONHAP in English 0138 GMT 13 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 13 (YONHAP) — The wife of a North Korean diplomat stationed in Zambia has recently sought political asylum at the South Korean Embassy in Lusaka and the South Korean Foreign Ministry is taking procedures to grant her political exile status, a ministry official said Saturday.

"The wife of a North Korean diplomat sought politial asylum at the South Korean Embassy in Lusaka Jan. 6 and our ministry is consulting the matter with the Zambian Government in accordance with international law and practices," he said.

The official declined to reveal the identity of the woman and her reasons for taking refuge at the embassy. China's XINHUA news agency has reported, however, that she is Choe Su-pong, wife of third-grade secretary Hyon Song at the embassy of North Korea in Lusaka.

He also dismissed the allegations made by North Korea that South Korea had abducted her.

The official expected that the Zambian Government will make a final decision on the matter within a few days after conducting interrogations on the case.

He said the South Korean Embassy will do its utmost to protect her.

Burma Said Seeking 'Rapprochement' With DPRK

SK0801002996 Seoul YONHAP in English 0021 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 (YONHAP) — Myanmar [Burma] is pushing for rapprochement with North Korea, with which it broke diplomatic ties in 1983, a Japanese daily reported Monday.

The vernacular YOMIURI SHIMBUN made the assertion based on the fact that the Myanmar Embassy in Thailand invited the North Korean ambassador there to attend a reception held Thursday in commemoration of its independence day.

The paper quoted a North Korean embassy official in Bangkok as saying, "At the invitation of the Myanmar Embassy, a counselor attended the reception in place of the ambassador." It was the first time in recent years that Pyongyang's mission to Thailand was invited to attend the Myanmar Independence Day reception.

The official declined to say whether the attendance by the North Korean councillor at the reception implied a move toward the restoration of diplomatic relations between the two countries.

But a Western diplomatic source in Bangkok was quoted by the daily as saying, "It is no doubt a first step toward rapprochement."

Myanmar severed diplomatic relations with North Korea after a bomb explosion at the Martyrs' Mausoleum in Rangoon Oct. 9, 1983, allegedly perpetrated by Pyongyang. Eighteen South Korean senior government officials were killed and 14 others injured.

In an interview with the YOMIURI SHIMBUN last November, Pyongyang Ambassador to Bangkok Yi To-sop said, "Contact with Myanmar designed to negotiate normalization of relations has already started and is in progress."

DPRK New CPRF Director Han Si-hae Profiled

SK0901004396 Seoul SEOUL SINMUN in Korean 8 Jan 96 p 16

[From the "Figures in North Korea" column]

[FBIS Translated Text] Han Si-hae (62), who was recently appointed as director of the secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF], the leading organization in charge of South Korean affairs, is an expert in U.S. and South Korean affairs who previously held the position of vice chairman of CPRF, which is a higher position than director of secretariat, in 1989.

Han was born in North Hamgyong Province in 1934 and graduated from Kim Il-song University. He served as vice foreign minister in the Administration Council; DPRK Ambassador to the United Nations; vice chairman of the Foreign Affairs Committee in the supreme People's Assembly [SPA], and deputy director of the united front department of the party Central Committee. His career has for the most part, involved the domains of foreign affairs and united front toward South Korea. During the 1972 North-South Red Cross talks, he was a North Korean delegate, and visited Seoul several times in the name of "Han Si-hyok". He was reportedly involved in a bribery case involving his juniors working in the United States during his term as deputy director of the united front department in the Workers Party (vice minister-level), and was sent to reindoctrination camp to be purged. However, he was reinstated immediately after he came out of the camp, thus indicating that he is a close associate of Kim Chong-il.

In June 1994, he sent an invitation to former U.S. President Jimmy Carter, and realized Carter's visit to

Pyongyang. The appointment of Han Si-hae, who is well versed in diplomacy toward South Korea, as director of secretariat of the CPRF, is thought to be aimed at bringing around pro-North Korean compatriots and pro- North Korean organizations overseas, including the United States. He is also a member of the Foreign Affairs Committee in the SPA, and also holds the post of vice chairman of the North Korean delegation to National Alliance for the Country's Reunification.

North Korean Arrest Affects DPRK-PRC Ties

SK1301014996 Seoul CHUNGANG ILBO in Korean 12 Jan 96 p 2

[Report by correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] China has turned down the North Korean request to allow an interview with Yi Kyong-chun, 39, the ringleader of the kidnapping of Reverend An Sung-un, and is speeding up the judicial procedures for Yi Kyong-chun. Because of this, relations between China and North Korea are uneasy [pulpyonhan].

A high-level source in Beijing said on 11 January: "Consul General Han Chol of the North Korean Consulate General in Shenyang, China, several times since late last year, has requested an interview with Yi Kyong-chun, who is in prison, but China has turned down the request every time because Yi is under investigation." The source said that China has refused North Korea's request because it believes that if it allows North Korea to interview Yi Kyong-chun so close to the judicial procedures, a special order from North Korea can be conveyed to Yi Kyong-chun asking him to back his former statement or allege something different. Consul General Han Chol interviewed Yi Kyong-chun once in August 1995, right after Yi was arrested by the Chinese authorities.

Seoul Decides 'To Take the Offensive' in Trade

SK0801101496 Seoul HANGUK ILBO in Korean 8 Jan 96 p 1

[FBIS Translated Text] The Government has decided to take the offensive in trade diplomacy beginning this year, on the occasion of the second anniversary of the inauguration of the World Trade Organization [WTO].

A Foreign Ministry authority said on 7 January: "Our trade diplomacy has focused on coping with the trade pressure offensive from advanced countries such as the United States. However, in the future the government will discard this attitude and make efforts to remove foreign countries' trade barriers."

The authority also said: "To this end, late last year through our diplomatic and consular offices in foreign countries, the government surveyed difficulties being experienced by ROK companies in foreign countries." The authority continued: "The government has examined and analyzed the result of the surveys conducted by 87 diplomatic and consular offices with 217 companies, and is now preparing specific measures."

Based on the survey results, the government will promote solutions to the problems ROK companies are suffering through bilateral negotiations with the government of each country of residence first, and if this turns out to be of no use, it will cause the issues to be brought under multilateral discussion through such means as filing lawsuits with the WTO.

A government authority said: "During the diplomatic and consular office chiefs meeting to be held in Seoul in February, the government will assign each office negotiation goals." The authority added: "The government will conduct periodic surveys on difficulties ROK companies experience in operating in foreign countries and will use the survey results as material in external negotiations."

As part of the groundwork for offensive trade diplomacy, in October 1995 the government designated all diplomatic and consular offices in foreign countries as difficulty report centers for ROK companies there. At the same time, the government placed the overseas trade offices of the Korea Trade Promotion Corporation under the diplomatic or consular office in each country of residence.

During the vice ministerial reshuffle conducted late last year, the government also appointed Ambassador Yi Ki-chu, a trade expert, as vice foreign minister. It was the first time in ROK history that a trade expert had been appointed a vice foreign minister.

Meanwhile, trade problems found by the surveys to exist in advanced countries, including the United States, which are intensifying trade pressure on the ROK, are the result of unilateral local antidumping systems, difficulties in obtaining visas for ROK businessmen, and double taxation due to social welfare taxes. The surveys also revealed that in developing countries such as China and Thailand, our companies have difficulties because of the countries' incomplete systems and their discriminatory treatment of foreign companies.

Kim, New Japanese Premier Hold Talk by Phone

SK1201064196 Seoul YONHAP in English
0636 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — President Kim Yong-sam and newly-elected Japanese Prime Minister Ryutaro Hashimoto agreed Friday that the two neighboring countries need to develop future-oriented bilateral relations.

The consensus was reached during a 20-minute telephone conversation initiated by Hashimoto, according to Presidential Spokesman Yun Yo-chun.

Yun quoted Kim as proposing that "South Korea-Japan relations be developed with an emphasis on the future, while looking squarely at the past."

In response, Hashimoto was quoted as saying, "As you have always said since your presidential inauguration, I think our two countries should build future-oriented relations based on a clear perception of history."

Hashimoto noted that Japan and South Korea share the basic values of a liberal democracy and market economy as well as security interests, adding, "The promotion of such friendly relations is one of Japan's basic diplomatic policies. I'll stress its importance more than it has been in the past."

With regards to North Korea, Kim cited the difficulties the secretive stalinist country is facing which he described as so acute that its immediate future is unpredictable.

Kim then told Hashimoto, "We are establishing multifaceted measures to counter the situation in the North. A frank discussion is needed between South Korea and Japan in coping with the North Korea issue."

Hashimoto responded to these remarks by saying, "As far as the North Korea issue is concerned, in the future we will maintain a closer cooperative relationship with South Korea than we have in the past," according to Yun.

Kim invited Hashimoto to visit Seoul in the near future, which he said will contribute to the further development of bilateral relations.

After expressing gratitude for the invitation, Hashimoto promised Kim that he would visit South Korea at an appropriate time.

Kong, Japan's Minister Ikeda Discuss Relations

SK1201115896 Seoul YONHAP in English
1152 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — Foreign Minister Kong No-myong conferred with new Japanese Foreign Minister Yukihiko Ikeda over the phone Friday evening, sharing the view on the importance of close bilateral consultative relations.

A Foreign Ministry spokesman said the telephone conversation lasted about 10 minutes beginning 6:45 PM [0945 GMT] when Minister Ikeda called Minister Kong to offer greetings on the assumption of his new duty.

Ikeda said he is well aware of the importance of South Korea in the area of security. In this connection, he reminded that he had once in the past served as defense minister.

He also said he would take a correct insight into the past and, based thereon, would try to build a future-oriented relationship. In his dealings with North Korea, too, Ikeda said, he would closely consult with South Korea.

Minister Kong, while congratulating Ikeda on his new duty, stressed that the two foreign ministers should cooperate each other closely so as to forge a forward-looking relationship based on mutual understanding and trust.

Recalling that Ikeda's predecessor, Minister Yohei Kono, was set to visit Seoul, Minister Kong said he expects Minister Ikeda would visit Korea at an early date.

The Japanese minister, thanking Kong for the invitation, said he would try to visit Seoul as soon as possible.

Ten Arrested by PRC for Smuggling Chinese

SK0801121996 Seoul YONHAP in English
1154 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — A total of ten South Koreans were arrested by Chinese authorities last year and are being tried in China for arranging the smuggling of some 130 Chinese into South Korea, the Foreign Ministry reported Monday.

They were caught in Dalian, China in a 10-month period from March through October last year. Dalian is a Chinese port city through which Chinese, mostly those of Korean ancestry, smuggle themselves into South Korea in pursuit of "high-paying" jobs.

The report said the ministry, through the Korean Embassy in Beijing, is finding out details of the crimes the Koreans committed in China.

The ministry has also advised the embassy to see to it that the Koreans receive fair and expeditious investigation or trial, it said.

Noting that the nubmer of Chinese stowaways to Korea has been increasing year after year, the report said the government intends to mete out rigid punishment to those Koreans involved in the smuggling of Chinese.

Besides, Korea and China agreed at their consular directors meeting in Beijing last Aug. 23 to take joint measures to better cope with international criminal rings including those who habitually arrange the smuggling of Chinese, it added.

Authorities Arrest 4 for Smuggling 87 Chinese

SK1201113996 Seoul YONHAP in English
1055 GMT 12 Jan 96

[FBIS Transcribed Text] Pusan, Jan. 12 (YONHAP) — A ring of four persons who have habitually arranged the illegal entry into South Korea by Korean-Chinese seeking "high-paying" jobs in Korea, was cracked down here Friday.

The ringleader was identified as Pak Sun-tak, 40, of Namsan-tong, Kumjong-ku, Pusan.

A source at the Pusan District Prosecutor's Office said the four were suspected of smuggling 87 Chinese into Korea on two occasions last year.

In one instance, they recruited 27 would-be stowaways through their offices set up in Shenyang and Dalian and smuggled them into Korea through the Samchonpo Harbor last June.

In the other, they smuggled 60 Korean-Chinese into the country by way of the Koje Port early last December.

The source said preliminary questioning showed that in the smuggling, they collected 30,000 to 40,000 yuan (3 million to 4 million won) from each of stowaways.

Meanwhile, the prosecution was investigating some of illegal entrants from China on the tip-off from an ethnic Korean in China that five special North Korean agents had entered South Korea mingled with stowaways.

Former Diplomat Appeals New Zealand's Decision

SK1201072496 Seoul YONHAP in English
0611 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — A former technical attache at the South Korean Embassy in New Zealand, whose application for refugee status was rejected by a New Zealand immigration authority last December, recently appealed against the decision, a Foreign Ministry official said Friday.

Choe Sung-chin was sued by the South Korean Foreign Ministry after turning the copy of an allegedly fabricated Foreign Ministry document to the National Congress for New Politics early last year in a suspected move to smear the Kim Yong-sam government prior to the local elections last June.

Choe appealed to the Refugee Status Appeal Authority (RSAA) and the appeals process could take up to 22 months, he said.

The Foreign Ministry has urged Choe to return to Seoul as soon as possible without taking "unnecessary" measures to gain refugee status, insisting that such measures could hurt the country's image.

Foreign Minister Kong Returns From Europe

SK1201113096 Seoul YONHAP in English
0845 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — Foreign minister Kong No-myong returned Friday from his five-day official trip to France and Italy.

Kong was scheduled to receive a telephone call from new Japanese Foreign Minister Yukihito Ikeda that day to exchange bilateral issues of concern with the appointment of new Japanese Prime Minister Ryutaro Hashimoto, a Foreign Ministry official said.

While staying in Paris to attend an international meeting on aid to Palestine, Kong also attended funeral services for ex-French President Francois Mitterrand.

In Rome, Kong met his Italian counterpart Susanna Agnelli on ways to expand bilateral economic and political cooperation between South Korea and Italy.

Vocational Training Accord Signed With Indonesia

SK1201111996 Seoul YONHAP in English
1049 GMT 12 Jan 96

[FBIS Transcribed Text] Jakarta, Jan. 12 (YONHAP) — South Korea and Indonesia on Friday concluded a memorandum of understanding under which Indonesian workers will be employed and trained in Korea in joint programs between the two countries.

The memorandum was signed here by visiting Korean Labor Affairs Minister Chin Nyom and his Indonesian counterpart, Minister Abdul Latief.

The memorandum stipulates that an Indonesian Public Vocational Institute select vocational trainees for work at Korean industries for one or two years, who then will be trained at Korean vocational centers before being sent back to Indonesia.

An official accompanying Minister Chin said Korea plans to expand the system to other southeast Asian countries as well, convinced it would be helpful to rectifying problems incidental to the existing foreign industrial trainees program.

One of the problems is that many foreign trainee-workers, once in Korea, desert their contracted industries in pursuit of better paying jobs elsewhere in the country.

Ministers Chin and Latief also decided to put into operation this year mobile training units (MTU) as a means of expanding the programs of the vocational institute set up in Kalimantan, Indonesia in 1987 with assistance from Korea.

Defense Ministry Announces 'Major Policies'

SK1201011996 Seoul THE KOREA TIMES in English 12 Jan 96 p 3

[FBIS Transcribed Text] South Korea has declared its objections to any direct military contact between the United States and North Korea except for discussions of the repatriation of the remains of U.S. soldiers missing or killed in action during the 1950-1953 Korean War.

Its aim with this is to block the North's effort to establish a peace treaty with the United States in place of the existing military armistice, sidelining the South in the process.

It will also seek a more active role in the UN Peace-keeping Operations (PKO) this year. As a step in these efforts, it will push for the establishment of a liaison office in the UNPKO structure within the year.

These and other positions are included in four major policies the Defense Ministry yesterday announced it will accomplish this year.

According to the ministry, South Korea will consolidate the ROK- U.S. combined defense posture this year as general elections are scheduled for April 11 and the North is likely to step up its anti- South Korean efforts.

This is aimed at a deterrence effect against an all-out North Korean invasion and small scale infiltrations.

Under this plan, the annual ROK-U.S. Security Consultative Meeting (SCM) will be advanced to some time between May and September, while Defense Minister Yi Yang-ho will docket more overseas trips also to strengthen military ties with neighboring countries.

In compliance with President Kim Yong-sam's campaign to "correct history" skewed by the misdeeds of the past military regimes, the Armed Forces will do its utmost to gain back people's confidence by resolving complaints against it among other things.

NKP Not To Make Public No's 1992 Contributions

SK0901074096 Seoul YONHAP in English 0656 GMT 9 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — Despite President Kim Yong-sam' admission on Tuesday that he received political contributions prior to becoming president, the ruling New Korea Party (NKP) has no plans to make additional disclosures regarding contributions made by former President No Tae-u to the Democratic Liberal Party (predecessor to the New Korea Party) during the 1992 presidential election, which nominated Kim Yong-sam to be its presidential candidate.

Emerging from a high-level staff meeting Tuesday, NKP spokesman Son Hak-kyu told reporters that his party's position is unchanged. "This is a matter Mr. No should bring to light either during the prosecution's investigation or during his court hearing."

While commenting on President Kim's remarks, he said, "During his tenure the president has made clear his determination to adhere to an ethic which does not allow him to receive even a single penny or benefit the least bit from political donations, so that he can avoid the mistakes made by those of his predecessors who received donations from businessmen. He is simply reiterating his resolve to conduct clean politics."

Asked whether or not his party planned to disclose the campaign funds Kim allegedly received from No during the 1992 presidential election, he replied there was no change in the party's position on this matter, adding, "We have no such plan."

Secretary-general Kang Sam-chae interjected, "You'd better take the president's remarks as they are. There is nothing the party can add."

Asked if the president's remarks could be construed as an acknowledgment that he received political contributions from No for his electioneering, Son replied, "Please take the remarks as they stand. Our party believes that the president has clarified his position on political contributions."

Prosecution Charges Chon With Accepting Bribes

SK1201081996 Seoul YONHAP in English 0805 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12, (YONHAP) — The prosecution on Friday formally charged former President Chon Tu-hwan with taking a total of 215.95 billion won (some 270 million U.S. dollars) in bribes from businessmen during his 1980-1988 presidency.

Chon was indicted on military mutiny charges late last year.

Prosecutors also charged his five cronies with abetting Chon's solicitation of bribes. Former chief presidential bodyguard An Hyon-tae and former National Tax Administrator Song Yong-uk were jailed earlier in the week, and former Finance Minister Sakong Il, former Agency for National Security Planning Director An Mu-hyok and former lawmaker Yi Won-cho were also charged.

In an interim investigation report it released after filing the information with the Seoul District Court, the prosecution said Chon collected a total of 950 billion won [US$1.3 billion] in secret funds from large and small businesses while in office.

The bribes he is suspected of accepting from 42 businessmen includes 22 billion won from both Hyundai and Samsung: 18 billion won from Tong-A: 16 billion won from Hanjin: 15 billion won from Daewoo: more than 10 billion won from four different business groups: 1 billion won or more each 23 different businesses: and between 200 million and one billion won from 10 different businesses.

The prosecution excluded approximately 700 billion won received by Chon from the indictment because it was determined that they were not bribes. This included 149.5 billion won in contributions to the Saemaul (new village) Movement: 59.8 billion won in donations to the Ilhae Foundation: 22.3 billion won in contributions to the New Generation Fostering Association: and 19.9 billion won in donations to the Heart Disease Foundation, in addition to another 500 billion won in donations that did not constitute bribery.

When he stepped down, Chon held 160 billion won — 90 billion won in Korea Development Bank debentures, 20 billion won in Korea Bank long-term debentures, and 50 billion won in bank deposits and cash.

The interim report said that the investigation would continue to search for money that he might have stashed somewhere else, as well as where he has spent this money he received in bribes.

Former presidential chief bodyguard An is suspected to have been involved in Chon's acceptance of 40 billion won in bribes, and of accepting a 50 million won bribe himself, for arranging meetings between Chon and businessmen.

Former National Tax Administrator Song is suspected of directly receiving or handing Chon bribes totaling 11.4 billion won.

Former Agency of National Security Planning Director An was found to have been involved in creating a secret fund totaling 5.45 billion won for Chon, while it has been confirmed that former Finance Minister Sakong collected 10 billion won from five businesses for Chon. Former lawmaker Yi is suspected of collecting three billion won from two businesses.

Another former presidential chief bodyguard Chang Se-tong and the businessmen suspected of having given Chon bribes were not indicted as the legal deadline for prosecution has passed.

Seoul Plans Steps To Stimulate Stock Market

SK0801090696 Seoul YONHAP in English 0756 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — The government is soon going to announce measures aimed at reinvigorating the stock market.

The measures being considered include restricting the stock supply and raising the stock investment ceiling for foreigners.

The government, a senior economy and Finance Ministry official said Monday, will halt public sales of shares in government-financed enterprises and keep financial institutions from increasing their paid-in capital during the first quarter of this year in an effort to stabilize the supply and demand in the market.

The supply in the second quarter will depend on the stock market situation at that time, the official added.

The government also plans to raise the foreign stock investment ceiling earlier than previously planned.

It has not yet been decided, however, whether to first raise the limit from the current 15 to 18 percent of a company's capital and then later to 20 percent, or to raise to 20 percent all at one time, the official said.

The government is also considering the use of the stock market stabilization fund.

Burma

Aung San Suu Kyi: Burma 'Not a Stable Society'

BR0901121896 Copenhagen POLITIKEN SONDAG in Danish 7 Jan 96 (PS section) p 9

[Interview with Burmese opposition leader Aung San Suu Kyi by Herbert Pundik in Rangoon; no date given: "The Woman in the Sad House by the Sea"]

[FBIS Translated Excerpt] [historical passage omitted]

Burma Is Not a Stable Society

She receives visitors in a front room, sits erect on a sofa, as becomes a Burmese woman of the old school and as befits the daughter of a general. She has a powerful gaze. Her eyes linger on her visitor, evaluating him. They do not roam. She answers questions in a down-to-earth fashion, slightly irritated if the question is painful. She has no power other than the power she has over herself.

[Pundik] Who comes to the meetings on the sidewalk? Are people not afraid of being watched?

[Aung San Suu Kyi] They come in their thousands. They are people who will not allow themselves to be intimidated. They have a great deal to lose. Students, farmers from the villages. They come and listen. Then they go home to their villages and tell others what they have heard. Some of them run the risk of dismissal. People with jobs in the public sector are threatened to make them stay away.

[Pundik] What can the Western world do to force the generals to accept a dialogue with the democratic opposition?

[Aung San Suu Kyi] Nobody is doing enough, perhaps with the exception of the Scandinavian countries. Most countries are not consistent enough in the demands they make on the generals. They are afraid of losing in the competition with other nations to do business in Burma.

[Pundik] Is there a middle way for the West, a way of protecting their economic interests while at the same time exerting some influence over the junta? Some people believe that trade can prepare the way for democratization. This has happened in other countries, has it not?

[Aung San Suu Kyi] You cannot have your cake and eat it. Furthermore nothing good will come of investing in Burma today. The time is not yet ripe. Businessmen will not get anything out of such investments, either in the short term or the long term. A precondition for investments is political stability. Burma is not a stable society.

[Pundik] The generals have decreed 1996 the year of the tourist. Should Western tourists refrain from visiting Burma?

[Aung San Suu Kyi] The year of the tourist will fail. Powerful forces abroad are against it.

"Tourists Do More Harm Than Good"

[Pundik] What is your personal opinion?

[Aung San Suu Kyi] Right now, tourists will do more harm than good. The broad base of the population out in the villages, which accounts for over 80 percent of the country's inhabitants, will not benefit in the least from income from tourists. I am not calling upon tourists to boycott Burma; I just think that now is not the time to visit the country. Tourist-related income will end up in the pockets of those people who are already privileged.

[Pundik] You have been under house arrest for six years. Now some of the restrictions have been lifted. Why? Are the generals afraid of the reaction from abroad?

[Aung San Suu Kyi] To a certain extent. My house arrest was lifted so as to signal to the outside world that Burma wanted foreign investment and tourists.

[Pundik] Does this not count as a concession?

[Aung San Suu Kyi] A concession made to one person is not a concession.

[Pundik] There is much investment, especially by Asian countries?

[Aung San Suu Kyi] The investments you are talking about are not a matter of indifference. The Burmese people need the right kind of investments, investments that can improve their lives. Otherwise they will only help the rich to become richer still. Progress requires social stability. And that is something we do not have.

[Pundik] What about the Chinese example?

[Aung San Suu Kyi] It cannot be said that there is social instability in China. Perhaps there is a trend toward political and social dissatisfaction. The gulf between the rich and the poor is growing, but that is not something that can be described as instability.

[Pundik] Some Burmans believe that the population submits to the generals' regime and behaves so obediently because of its Buddhism. Because Buddhists strive for harmony, and because they shun conflicts and are brought up to respect authority?

[Aung San Suu Kyi] That is absolute rubbish. The peoples of Eastern Europe were also subjected to Soviet dictatorship and they are not Buddhists.

"We Do Not Want To Undermine the Army"

[Pundik] What are your main demands to the generals?

[Aung San Suu Kyi] That they should respect the UN resolution calling upon them to establish a substantive political dialogue between the government and the opposition. That is my objective. We are not seeking to undermine the Army. I am Aung San's daughter, and it would be paradoxical for me to try and undermine my father's work. Nor am I opposed to Burmese national unity, as the government's propaganda maintains. Nor indeed am I calling upon the government and the military to give up political influence. It is not enough that the government is showing a willingness to accept those parts of the UN resolution that suit them. The resolution must be respected in its entirety.

[Pundik] You can now travel freely, the government claims. Do you have any plans to travel around country districts to organize sections of your party?

[Aung San Suu Kyi] I have plans to travel around the country. We are in the process of organizing. The government claims that we do not exist as a party. This is part of the generals' unwillingness to look reality in the face. But this does not mean that they are immune from the consequences of reality. Just saying that it is coffee you are drinking does nothing to alter the fact that it is tea. People can turn their backs on reality, but that does not change the way things really are. One fine day they will wake up to an unpleasant shock.

[Pundik] Is there anything in the claims that if you come to power you will promote a federal system in the country so that many ethnic minorities are given greater autonomy? This claim is being used to bolster the criticism that you pose a danger to the country's unity?

[Aung San Suu Kyi] First of all we must hold free elections. Then we can discuss all these kinds of questions.

"The Generals Are Acting Like Children"

[Pundik] The generals' propaganda seems so naive to foreigners.

[Aung San Suu Kyi] As it does to the Burmans. We do not need to exert ourselves to win support among the population. The generals are better at that. They are behaving like children playing hide- and-seek. They put their hands over their eyes and believe that they are invisible.

[Pundik] They have the power and they are ready to use it, today as in 1988. What could drive out the generals?

[Aung San Suu Kyi] Many regimes have tried to keep their grip on power by resorting to violence. But in the end they had to relinquish it.

[Pundik] It is said that a whole group of your political allies have gone over to the government side, to get out of jail, for example?

[Aung San Suu Kyi] Some people are strong in a struggle. But they break down when they are led into temptation.

[Pundik] Are you disappointed with the Southeast Asian countries, like Thailand, Singapore, Malaysia, Indonesia, and others, which have accepted the military regime and which are trading with and investing in Burma, as well as now thinking of inviting Burma to take up observer status at the next meeting of ASEAN?

[Aung San Suu Kyi] Not disappointed, but surprised.

[Pundik] What can the rest of us do to support the democratic opposition in Burma?

[Aung San Suu Kyi] Our friends must ask: What can we do? Instead of asking: What is everyone else doing? [passage omitted]

Central Bank Deputy Governor on Economic Issues

BK1101023496 Bangkok ASIA TIMES in English 11 Jan 96 p 3

[Interview with U Kyaw Kyaw Maung, deputy governor of the Central Bank of Myanmar, by correspondent Stephen Brookes; place and date not given]

[FBIS Transcribed Text] [Brookes]: One of the interesting things about banking in Myanmar [Burma] is that, while inflation is running at over 22 percent, private banks are forbidden from offering interest rates above 9.S percent. How can banks be expected to attract depositors if they're offering a negative real rate of return?

[Kyaw Kyaw Maung] You see, we have a Central Bank rate at 12.5 percent, and banks can charge not more than six points over that for loans, and can't pay less than three points under it for deposits. So there is a negative interest rate.

But there have been a number of efforts to mobilize savings, especially in the rural areas. There is the Rural Savings Mobilization Scheme, introduced by the Myanmar Agriculture and Rural Development Bank. We're also issuing three- and five year kyat- denominated Treasury bonds, with an interest rate of 10 percent and 10.5 percent per annum. So far, we've sold 677 million kyat (US$5.5 million, at the unofficial exchange rate) worth of T-bonds.

[Brookes]: Who is buying these bonds?

[Kyaw Kyaw Maung]: Private individuals, banks. Private savings have been increasing by about 30 percent per annum.

[Brookes]: Is that right? A recent World Bank report claims that the savings rate is lower now than in the early 1980s.

[Kyaw Kyaw Maung]: I don't think so. Savings are increasing at a high rate. There was a 32.7 percent growth rate percent in financial year 1994/95, 37.9 percent in financial year 1993/94, and 24.6 percent in financial year 1992/93.

[Brookes]: But, apart from the savings mobilization efforts, how do you explain why savings rates are increasing at a time when people are getting a negative real return?

[Kyaw Kyaw Maung]: Well, our savings regulations are quite relaxed; some of the people are making deposits into their current accounts, so that also makes the savings figures grow. Also the population has been growing.

[Brookes]: The population ... ?

[Kyaw Kyaw Maung]: The population has been growing at 1.9 percent.

[Brookes]: What about the other side of the coin — borrowing rates. If people can borrow money at less than the rate of inflation, doesn't that create a huge demand for loans?

[Kyaw Kyaw Maung]: The interest rate is quite cheap. The banks give working capital one-year loans, commercial loans, and there's a big demand for that.

[Brookes]: How about consumer loans?

[Kyaw Kyaw Maung]: Some of the private banks are giving out loans to buy houses, mortgage property. It's a normal thing. Some of the private banks are introducing credit cards and (automatic teller) machines. More and more private sector banks have been developing.

And the private banks are making profits — only the new banks are making losses, because of the overhead charges. But the private banks are making a nice profit.

[Brookes]: The World Bank says that there's an increasing demand for credit from the private sector, yet there are insufficient funds because of a "crowding out effect" by public sector borrowing. Is that accurate?

[Kyaw Kyaw Maung]: No, I don't think so. The state banks and private banks are lending out and there are sufficient funds — you can go and see.

[Brookes]: Have you had much response yet to December's decision to allow foreign banks to form joint ventures with domestic banks?

[Kyaw Kyaw Maung]: Foreign banks that already have representative offices can form joint ventures if they find a suitable partner. We didn't put a legal framework for the formation of the joint venture, so the banks can find their matching partner and they can discuss what they want to do. We just gave broad outlines. So they have to come up with proposals, and do a feasibility study.

Up to now we haven't gotten any concrete proposals, but a lot of foreign banks are interested — just before you arrived, one of the foreign banks came in and we discussed the framework.

[Brookes]: Some of the managers of foreign rep offices here say they're waiting until they can open full branches.

[Kyaw Kyaw Maung]: We're in the second-stage now with joint ventures. The foreign banks can open joint ventures, and still keep their rep offices, and eventually open fully-licensed branches.

[Brookes]: What are the chances of devaluing the kyat and making it convertible? Wouldn't this help trade, improve tax revenues and help stabilize both inflation and growth?

[Kyaw Kyaw Maung]: We don't talk about devaluing — we talk about narrowing the gap between the parallel rates (ie, between the official exchange rate of about six kyat to US$1, and the market rate of about 123 kyat to US$1). Foreign Exchange Certificates (FEC) are helping to do this. They were introduced for the benefit of foreign visitors, and now a lot of people are using them. And now we've set up FEC exchange counters, and that's helped the parallel rate come down, and foreign reserves have increased.

[Brookes]: Has the decision to set up these FEC counters been part of a broader move to full convertibility of the kyat?

[Kyaw Kyaw Maung]: Day by day, the private sector is increasing, so a lot of people are changing FEC for kyat. So these exchange counters make it more convenient.

[Brookes]: What are the prospects for having a unified rate soon?

[Kyaw Kyaw Maung]: We are looking forward to a unified rate. But the question of realignment is a very sensitive one, and we have to study it.

Brunei, Malaysia & Singapore

Malaysia

U.S. 'Disrespect' for Interdependence Viewed

BK0901090296 Kuala Lumpur THE STAR in English 9 Jan 96

["IKIM [Malaysian Institute of Islamic Understanding] View" by IKIM Research Officer Ahmad Faiz Abdul Rahman: "Hypocrisy in Economic Reforms" — received via Internet]

[FBIS Transcribed Text] How convenient it is that the United States has used domestic politics as key factors to Washington's decision to withdraw from the UN Industrial Development Organisation (UNIDO) and quite possibly from the UN Conference on Trade and Development (UNCTAD).

While a lot may be said of these organisations' inefficiency in handling global economic and industrial development, as equally much, if not more, may be said of the North's, and in particular the United States', lack of commitment to global economic development which has undermined the efforts of both UNIDO and UNCTAD.

With the United States' non-payment of dues amounting to as much as US$70 million (RM [Malaysian ringgit] 175 million) to UNIDO which has hampered restructuring programmes launched barely 12 months ago, it would seem that the United States has become more determined than ever to remove such organisations sympathetic to the Third World plight from positions of prominence.

One may say that this is indeed logical if only because the United States, like other Northern states, has no desire to maintain organisations that expose its follies and lack of fair play in international trade and politics as well as undermine its economic and political dominance.

This is reflective of the US government's attitude of disrespect for the principle of global interdependence emphasised by the Brandt Commission.

It seems content at maintaining disparate levels of economic development to its advantage regardless of the fact that the various organs of the United Nations, especially the General Assembly, had systematically produced a body of principles for international economic relations.

Looking back, it was only in 1971 when the international monetary system which had been agreed in Bretton Woods towards the end of World War II began to collapse, that the North, especially the United States, was forced to give some attention to the principle of interdependence.

Coupled with the continued increase in oil prices by the Organisation of Petroleum Exporting Countries (OPEC) from 1973, the elite North were forced to acknowledge, at least at the negotiating table, the fact that the world existed on an economic system based on interdependence.

Even then statements were still being made to justify the global injustices of the North.

Patrick Moynihan, former US Ambassador to the United Nations, rather emotionally stated that, "the Third World is attempting to extort — through economic blackmail, moral bullying and outright theft — a portion of the West's legitimately acquired wealth."

Such a befuddling statement does not only mock the plight of the oppressed South but also blatantly denies the historical injustices of Euro-American domination and pillaging of the Third World since the discovery of the new trade route around the African cape.

Such a blatant misunderstanding is nothing but a deliberate smoke screen in order to belittle the efforts of the Third World in bringing about real global economic change to suit a more equitable set-up, whilst at the same time entrenching a Eurocentric view of international law.

True enough, the mood of compromise which supposedly brought about dialogue was short-lived.

As the oil crisis passed, the attitude of the developed North hardened.

This made whatever North-South dialogues a largely futile exercise.

The UNCTAD session in Nairobi in 1976 and in Manila in 1979, the North-South consultations in Paris under the aegis of the Commission for International Economic Cooperation, successive conferences of the UNIDO have all virtually failed because of the negative attitude of the developed states.

Notwithstanding all the talk of a shift in the North from a policy of "confrontation to one of negotiation," Northern response to Southern initiatives in the dialogue of the late 1970s remained fundamentally negative.

Led by the United States, the North continued to reject almost all Southern proposals without engaging in serious negotiations, and seldom, if ever, presented alternative proposals on their own initiative.

In particular, at the Cancun Summit attended by 22 heads of government in October 1981, the predominant trend of restriction of aid was reflected in President Ronald Reagan's affirmation that trade, free enterprise and private investment were more effective in assisting the developing nations than the increase in real terms in official aid flows.

This has to be read in the context of Reagan's essentially conservative and hostile attitude towards the concept of the NIEO [New International Economic Order], in that he expressed himself firmly against the move for the distribution of resources and restructuring of the world economy, and merely stressed the need for improving the climate for private capital flows, particularly private investment as the panacea for the problems affecting the developing nations.

This is paradoxical to the facts raised by the Brandt Commission which are inherently related to the issue of interdependence.

Among others, the North and South have equal interest in the overall price stability of primary products.

Also, the fact that a general increase in the wealth and stability of Southern economies will have the effect of increasing their scale as markets and thereby acting as a catalyst for Northern economic expansion and employment.

More importantly, the Brandt Commission report suggests that measures to promote positive discrimination in favour of poorer nations must be taken up in order to reflect not only formal but also substantive equality.

As the report states, "We do not believe that mutual interests alone provide adequate basis for all changes that are needed.

Especially, as far as the poorest countries are concerned, the principal motives for our proposals are human solidarity and a commitment to international social justice."

This means that, in line with the New International Economic Order, the coming into being of which the North continues to stifle, there is a need for a re-examination of a number of inter-related issues.

These include commodities, trade, money and finance, development, processing and storage of raw materials, export earnings, protectionism, structural and adjustment policies, net transfer of real resources to the less developed countries including volume, terms and mechanism of multilateral and bilateral assistance, debt alleviation measures, balance of payments, financing including the International Monetary Fund liberalisation of conditionality, guaranteeing the real value of the financial assets of less developed countries, amending the IMF and World Bank articles in accordance with the needs of less developed countries.

Yet, Northern states like the United States insist on their "historical perspective," in that an unhindered and unregulated private sector is the source of economic growth and prosperity.

And why should they not insist on their "historical perspective" especially when the Northern states continue to exercise their powers of manipulation in the extraction and production of raw materials and other resources via transnational corporations or TNCs?

Indeed, the continuing influence of TNCs has always been in the interest of the North.

This has little or nothing in common with the task facing former communist countries in releasing the private sector.

These countries, by and large, still hold some measure of political clout to manoeuvre in the international scene for economic betterment.

This is not the case with most Third World countries.

It has to be remembered that, although it is better for the government of a state to limit its role to merely providing a conducive environment and regulation of fair play, Third World economies with very weak or even non-existent private sectors are in no position to negotiate favourable terms with powerful TNCs.

Thus it would seem that the powerful pleas as raised by the Brandt Commission and individual scholars for a reformed economic order have fallen on deaf ears.

Consider the fact that Third World nations now have to deal with the outcome of the Uruguay Round of GATT talks. The Uruguay Round was hailed as a great success by all Western commentators but a different picture had begun to emerge as the agreement came into effect, even before the World Trade Organisation (WTO) started its operations.

Northern agencies themselves predict losses to Africa of around US$2.6 billion (RM6.5 billion).

The African nations will lose some of their preferential arrangements with the European Union, and pay higher prices for food imports and temperate products from the North.

At the same time, the removal of Trade Related Investment Measures (TRIMS) takes from governments the right to impose conditions on inward investment by TNCs.

In this case, trade liberalisation tends to benefit Northern TNCs more than Southern economies.

This is because trade within and between OECD-based TNCs accounts for 70 per cent of the world total.

The net effect is that the removal of TRIMS substantially liberalises the trading power of companies at the expense of countries allowing TNCs free choice over where the goods made in the South are processed and sold, and giving enormous power to TNCs to affect national balance of payment accounts through internal movements of funds and components.

Thus to conclude, there is no reason why other organisations within or outside the United Nations such as through the UN Development Programme or the WTO would be more effective in addressing the issue of developing Third World nations.

At best these organisations would be a more cost-efficient or cost-effective way of inefficiently and ineffectively dealing with the Third World plight of economic development.

This can only result in a political and economic time-bomb ticking away quietly, needing to be defused.

So much for "peace and goodwill for all mankind," a wish uttered, year in year out, by Western leaders.

Indonesian Military Chief Views Joint Exercise

BK1001124496 Kuala Lumpur THE STAR in English 10 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR — A new border crossing from Sabah to east Kalimantan was proposed at the Malaysia-Indonesia General Border Committee (GBC) meeting yesterday.

Indonesian armed forces chief Jen [General] Tan Sri Feisal Tanjung, who co-chaired the one-day meeting with Defence Minister Datuk Syed Hamid Albar, said the location for the new crossing was still under study.

"With the opening of a new crossing, relations between the people living at the border, some of whom are related, will be improved," he said after the meeting.

The border crossings between the two countries now were at Tebedu in Sarawak and Entikong in west Kalimantan.

Jen Feisal also announced plans for a major joint military exercise codenamed Latgabma Malindo Darsasa 4AB/96 in August involving the armies, air forces and navies of both countries.

He said the aim of the exercise was to find a common tactic and terminology that would be the basis of possible joint military operations.

The claims by both countries on Sipadan and Ligitan, however, were not on the GBC agenda.

Syed Hamid said areas of co-operation including training and the sharing of expertise were being identified.

Singapore

Goh, Keating Announce 'New Partnership'

BK1701113996 Singapore Radio Corporation of Singapore in English 1000 GMT 17 Jan 96

[FBIS Transcribed Text] Singapore and Australia have announced a new partnership in economic, political, and security cooperation. The prime ministers of both countries said the partnership goes beyond mutual benefit and will have a positive impact on the region. Mr. Goh Chok Tong and Mr. Paul Keating said it also underscores Australia's commitment to Southeast Asia and Singapore's recognition of Australia's role in regional affairs.

In a joint declaration, they stress that the new partnership is also a step towards closer cooperation by Southeast Asia and Australia and New Zealand.

Prime Minister Goh elaborates on the joint declaration.

[Begin Goh recording] Well, basically there are several pillars in this (?strategic) arrangement — political, security, socioeconomic.

On the economic side, we will [words indistinct] Singaporeans to invest in Australia and Australia to trade more with Singapore. We will also be working together to invest in third countries like Indonesia. That will benefit the Indonesians. As Indonesia grows, their economy will also affect Singapore and Australia in a positive way. [end recording]

Mr. Keating, who is in Singapore, delivered the Singapore lecture on Australia, Asia, and the new regionalism this afternoon. Mr. Keating pointed out that if Australia does not succeed in Asia, it will not succeed anywhere. However, he said that his country's engagement with the region is not just commercial and must go beyond that.

He pointed to Australia's commitment to regional groupings and fora such as ASEAN, APEC [Asia-Pacific Economic Cooperation], the ASEAN Regional Forum, and the Five-Power Defense Arrangement.

Mr. Keating also stressed these regional approaches to cooperation in resolving problems will become increasingly important. He explained that this is due to the less dominant role of the great powers in shaping the development of an international system. However, regional institutions have advantages, and APEC offers a new model for that kind of arrangement.

Mr. Keating also said lessons can be drawn from APEC which are relevant for the new regionalism in the Asia-Pacific region.

[Begin recording Keating, in progress] The first rule is that there are no rules. There are no fixed approaches, and as far as possible, we should avoid the nightmare of a bureaucratic and legalistic approach to what we are doing.

The second rule is that we might have to avoid closing Asia and the Pacific off to the outside world. My argument in favor of regionalism is not an argument against global, multilateral multilateral approaches when these are most appropriate as they often will be.

The final rule is that the region must not become complacent with success. The challenges to economic growth and to security in this part of the world remain serious. [end recording]

On the challenges, Mr. Keating pointed out an environmental protection and meeting human resources development needs.

[Hong Kong AFP in English at 1128 GMT on 17 Jan in a Singapore- datelined item, adds the following: "Australia and Singapore urged the United States on Wednesday to maintain its commitment to Asia- Pacific security and announced a 'new partnership' to help promote regional stability.

"Prime Minister Paul Keating and his Singapore counterpart Goh Chok Tong issued the call following closed-door talks on bilateral, regional and global issues as part of a day-long visit by the Australian leader.

"'We both see the United States' presence and strategic engagement in the region as being of fundamental importance to the peace and prosperity of the region,' they said in a joint statement.

"'Nothing is more likely to generate security tensions in this part of the world, or threaten the region's continuing economic and social development, than uncertainty in countries like Japan and Korea about the US security commitment,' he said.

"Keating noted the long-running debate in the United States over whether to 'avoid foreign entan@lements" or remain "engaged with the wider world.'

"He said one of the main reasons for Australia's support for the 18-member Asia-Pacific Economic Cooperation (APEC) forum 'has been our conviction that closer American economic engagement in Asia and the Pacific will reinforce the essential political underpinnings of its security relationships.'

"Keating also cautioned against any effort to isolate China and pressed for the inclusion of Japan and Germany in the UN Security Council in accordance with their status as the world's second and third largest economies.

"'I do not believe China is an expansionist or aggressive power, or that it is likely to become so. It is an essential and central part of the regional community. However, the sheer size of its population and economy raises questions for the rest of us about how we deal with it.'

"He said the answer was to ensure that China 'is engaged comprehensively in global and regional institutions' such as APEC and the ASEAN Regional Forum, an annual security dialogue hosted by the Association of Southeast Asian Nations."]

Cambodia

Mak Ben Interviewed on U.S. Official's Visit

BK1601065096 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 15 Jan 96

[Interview with Mak Ben, minister of rural areas, agriculture, and water conservancy of the Provisional Government of National Union and National Salvation of Cambodia, by an unidentified correspondent on 15 January; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. Would you please tell us what topics were discussed at the 15 January cabinet meeting of the Provisional Government of National Union and National Salvation of Cambodia [PGNUNS]?

[Mak] Yes. During its 15 January meeting, the cabinet heard the report by our PGNUNS Ministry of Rural Area, Agriculture, and Water Conservancy on the situation with regard to rice and other agricultural products that the peasants strived to grow during the last rainy season. The cabinet gave advice to the entire National Army, all of the guerrilla units, and all PGNUNS local administrations, urging them to join the people in defending their rice, agricultural products, cattle, and villages from being robbed and destroyed at will by the communist Vietnamese puppets' troops, police, and administration and in protecting the people and their children from being forcibly recruited as soldiers and militiamen to fight and die in the place of the traitorous two heads, lackeys of communist Vietnam and the alliance.

To prevent our rice from being robbed by the two heads means to save the people from starvation. This is our peasants' life-or- death problem. Our people have suffered miserably from starvation due to communist Vietnam's war of aggression and genocide and due to the fact that the two heads have continued to recruit soldiers and militiamen and kindle war over the past 17 years. Such a situation has caused our people considerable difficulty in their rice production. Therefore, we must strive to the best of our ability to protect the rice yield that our people produced with so much difficulty. Otherwise, our people will starve to death.

To prevent the two heads from plundering our rice, however, is to starve them and their troops; we would prevent the two heads from having enough rice to eat and to feed their troops. This is in order to move quickly toward ending communist Vietnam's war of aggression and genocide.

[Correspondent] At the beginning of January, Hun Sen—the top goon of the communist Vietnamese—announced that, as before, he observed the 7 January national day of the communist Vietnamese puppet administration. The communist Vietnamese know well that they will not be able to deceive anyone, but they still want to do that. What is the cause?

[Mak] Communist Vietnamese Le Duc Anh ordered Hun Sen to make this announcement. The communist Vietnamese regime and Hun Sen are extremely isolated from the entire Cambodian nation and the people, including the local and upper classes. They have been at a total impasse. No longer able to deceive anyone, they have exposed their former features and characters: the communist Vietnamese as aggressors and expansionists trying to annex Cambodia and exterminate the Cambodian race in keeping with the Vietnamese Communist Party's Indochina strategy, and Hun Sen as the traitor and top goon of the communist Vietnamese puppet administration installed by communist Vietnam as a smokescreen and a tool for implementing its Indochina strategy to kill the Cambodian nation and people and turn Cambodia into a second Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in the 17th century].

The present two-headed regime is made up of the communist Vietnamese. There is no king, monarchy, constitution, nor democratic rights and freedoms. There is the communist Vietnamese regime killing the Cambodian nation, people, and race. The date 7 January has been fixed by the Cambodian nation and people as a day of hatred nurtured by the entire Cambodian nation and race against the communist Vietnamese aggressors and race exterminators and the Hun Sen clique—lackeys of the communist Vietnamese. The world, through a resolution of the UN General Assembly and the Paris agreements reached in October 1991, has also firmly condemned the communist Vietnamese aggressors and their puppets.

Communist Vietnam and the communist Vietnamese puppets have shed Cambodian blood. No Cambodian can forget the pool of blood and heaps of bones of Cambodians. The communist Vietnamese and Hun Sen can never fool anyone about this.

The entire Cambodian nation and people have struggled for 17 years now in order to defend their territorial integrity, national honor and entity, and the Cambodian nation and race from extinction.

The entire Cambodian nation and people have pledged to fight against the communist Vietnamese and the traitors — communist Vietnam's lackeys — to resolutely defend the survival of the Cambodian nation, people, and race.

[Correspondent] On 9 January, David Bramlett, commander in chief of the U.S. Pacific Command, came to Phnom Penh. Can you tell us about the purpose of this commander's visit?

[Mak] Yes. High-ranking U.S. officials—Christopher, Winston Lord, and so forth—have come to Phnom Penh. David Bramlett, commander of the U.S. Pacific Command, came to Phnom Penh in October last year. Can U.S. officials resolve anything, and in what situation are they coming?

The situation is:

1. The communist Vietnamese and their puppets are as dictatorial and fascist as before. UNTAC [UN Transitional Authority in Cambodia] and the alliance have been misled by the Vietnamese. UNTAC and the alliance have offered their rats on a plate to the Vietnamese tigers and crocodiles. Everything was obliterated, including FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], the para groups [former non-communist resistance forces], His Excellency Son Sann's party, and various political personages.

In such a situation, how can U.S. officials—either Winston Lord, Christopher, or David Bramlett—resolve anything?

2. The war and a situation of dire contradiction:

There has always been war over the past 17 years, war created by the communist Vietnamese, war under the UNTAC and alliance, and also under the alliance and two heads. The war ignited by communist Vietnam, the alliance, and the two heads has created a dire contradiction—a national, social, and racial contradiction among the peasants, journalists, students and pupils, political personages, and upper echelons. This is a dire contradiction. The pro-American forces have all been smashed by the communist Vietnamese and their puppets. The situation is a very dire contradiction. How will David Bramlett and Winston Lord resolve this situation?

3. The military situation:

The U.S. Pacific Force commander's visit in October—that is, at the beginning of the dry season—was totally unsuccessful. The dry season has proceeded for nearly three months now; that is, nearly half of the dry season is over. How is the situation on the military front? The situation on the battlefield is that the two heads have completely lost mastery and initiative. The two heads have found themselves in a defensive position, where they are being dealt heavy blows by the resistance forces of the nation and people.

The two heads are almost completely exhausted. Their existing forces are dwindling, with only less than 10 percent remaining. They are implementing a fascist policy of forcibly recruiting the people as soldiers and militiamen to fight on the battlefield. The people have opposed and struggled against them. The people refuse to serve as soldiers and militiamen to fight and die in their place. Therefore, the two heads have lost almost all the existing forces and have been unable to recruit new ones.

The strategic transportation lines, the vital artery of the two heads, have been disrupted since the 17th rainy season and still remain cut off. Vital passes, the life line of the two heads, are still blocked. The fact that these strategic lines and important passes, the throat and artery of the traitorous two heads, are blocked have had a very serious impact on all problems. How can the chiefs of the U.S. Force Command and State Department resolve anything?

4. David Bramlett said that the United States is giving nonlethal aid to the two heads for waging war. Is there any aid for waging war by the two heads that is nonlethal? The aid for the two heads to wage war, in whatever form, is certainly lethal. It kills the Cambodian nation and people. They can never conceal this fact with any kind of label. They can fool no one, not the Cambodian people, the American people, nor the congress. They have told such a stark lie because they face a total impasse. The PGNUNS and the entire Cambodian nation and people absolutely and firmly oppose aid to kindle the communist Vietnamese war, the aid to be used by the communist Vietnamese puppets' fascist regime to betray and kill our nation and people.

The Cambodian nation and people have the full right to jointly struggle to defend their nation, people, territorial integrity, and prevent Cambodia from becoming a second Kampuchea Kraom.

The situation in the past five seasons, especially from the beginning to the current half of the dry season, clearly attests to the defeat of the two heads. They have suffered utter defeat. Both Cambodian and foreigners have seen the defeat suffered by the two heads. The two-headed regime of the communist Vietnamese puppets is falling apart in all aspects. There is now a dire contradiction. Nothing can save the two heads from this situation.

[Correspondent] Thank you, Your Excellency.

Official Accuses SRV of 'Invading' Border Area

BK1701062496 Hong Kong AFP in English 0625 GMT 17 Jan 96

[FBIS Transcribed Text] Phnom Penh, Jan 17 (AFP) — Cambodia's first prime minister, Prince Norodom Ranariddh, on Wednesday lashed out at Vietnam, accusing his country's eastern neighbor of "invading" three Cambodian border provinces since the New Year.

Farmers in the eastern provinces of Svay Rieng, Prey Veng and Kampong Cham have complained that Vietnamese farmers, backed by troops, have encroached onto Cambodian territory as much as 300 or 400 meters (yards).

"They have invaded about 300 to 400 meters into our land in two districts in Svay Rieng," Prince Ranariddh told reporters, adding that that province was the "hottest spot."

"It's not that much but I think that 300 to 400 meters is an invasion," he said. "Even one centimeter is an invasion."

The prince said that there had been clashes between Vietnamese and Cambodian border patrols in the past week resulting in some casualties and that he had scheduled an urgent meeting for later Wednesday to discuss the matter with senior officials from the ministries of defense, interior and foreign affairs.

"This is a complete invasion," he said, adding that Second Prime Minister Hun Sen, who led the country during much of Vietnam's decade-long occupation of Cambodia, would attend the special meeting.

Border disputes between centuries-old regional rivals are not uncommon, but the prince said he was concerned because the "invasion" comes after a huge thaw in bilateral relations of which an agreement to respect borders was a part.

Prior to 1978, when the Vietnamese army invaded Cambodia overthrowing the vehemently anti-Vietnamese Khmer Rouge, border land that was traditionally left fallow by Cambodian farmers was often leased to Vietnamese farmers on a seasonal basis.

However, during the Vietnamese occupation of Cambodia, the distinction between whose land was whose was blurred and though some leasing agreements appear to have continued Cambodian authorities are now starting to re-assert their control.

"We decided that people should not move from where they are now and that no one should come to build houses on empty space," the prince said of the border agreement.

"But now they have brought tractors to plow on land that they never plowed before."

Of further concern, Prince Ranariddh said, was that the Vietnamese appear to have recently replaced their civilian police border patrol with the military.

Vietnamese embassy officials could not immediately be reached for comment and Prince Ranariddh said he had instructed the Foreign Ministry to contact the Vietnamese embassy in Phnom Penh to discuss the issue.

"We need to end this issue completely and let the bilateral committee discuss it technically in order to work out the border and get it right.

In Hanoi, meanwhile, Vietnamese officials said Wednesday that crop failures and near-starvation had driven hundreds of Cambodians to try to eke out a living on the streets of Ho Chi Minh City in the past month.

An official in District Five in the southern Vietnamese city said several hundred Cambodians were sleeping on the streets or in public parks in the area, spending their days begging for food.

One ward in the district said that 255 Cambodians were sleeping on the streets in their area alone, the official said. Most had arrived in the city about a month ago, he said.

Crops failures due to poor weather in Svay Rieng province on the border between Vietnam and Cambodia had forced many to come to Ho Chi Minh City to find food.

The official said city authorities were still waiting for instructions on how to deal with the problem of illegal immigrants from Cambodia.

Indonesia

Ali Alatas: Government Decides To Join KEDO

BK1601113496 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 16 Jan 96

[FBIS Translated Text] The Indonesian Government has decided to join KEDO [Korean Peninsula Energy Development Organization]. The decision was announced by Foreign Minister Ali Alatas in a letter dated 5 January 1996 to the foreign ministers of Japan, South Korea, and the United States, which are KEDO founders.

The government's decision was in response to a request for Indonesia to join KEDO contained in a letter brought by [Endo Kosiya], a special envoy of the Japanese Government, when he visited Jakarta last November. Indonesia was also invited to attend preliminary meetings before the establishment of KEDO in New York in March 1995.

Pursuit of Kidnappers 'Temporarily Suspended'

BK1701050496 Jakarta ANTARA in Indonesian 1933 GMT 17 Jan 96

[FBIS Translated Excerpt] Wamena, 16 Jan (ANTARA) — Special units of the Armed Forces of the Republic of Indonesia [ABRI] have temporarily suspended pursuit of a group of the GPK-OPM [Security Disturbance Movement-Free Papua Movement] who took hostage a Lorensz Mountain research team [words indistinct] Frank Momberg.

A source at the Trikora 8th Military Region Command said in Wamena on Tuesday that the military operation to free the hostages was suspended, possibly after Frank Momberg said that the GPK-OPM had threatened to kill the hostages if ABRI units attacked its hideout.

Momberg, who was among those taken hostage, was released by the GPK-OPM on Monday to convey a special message from the GPK-POM to ABRI, and he was likely to return to relay an ABRI reply to his captors. [passage omitted]

Officer Confirms Release of Two Local Hostages

BK1701052296 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 17 Jan 96

[FBIS Translated Text] The GPK-OPM [Security Disturbance Movement-Free Papua Movement] released two more hostages at 1700 East Indonesian Standard Time [0800 GMT] yesterday afternoon.

Infantry Lieutenant Colonel Maulud Hidayat, head of the Information Service of the Trikora 8th Military Region Command, said in Jayapura last night that the two hostages were the wife of Yakobus Wendidi and her six-month old baby. The two freed hostages are, in fact, not on the list of 24 persons taken hostage on 8 January. Thus, the number of the original captives was 26. Yakobus Wendidi is a resident of Mapunduma Village who usually provides food for workers of the Indonesian Institute of Sciences conducting research in the village.

German Hostage Scheduled To Return to Kidnappers

BK1701035496 Hong Kong AFP in English 0351 GMT 17 Jan 96

[FBIS Transcribed Text] JAKARTA, Jan 17 (AFP) — German hostage Frank Momberg, released Monday by rebels in the jungles of the easternmost province of Irian Jaya, was scheduled to return to his kidnappers Wednesday, a military spokesman said.

The move coincided with a reported suspension of military activities against the rebels, amid fears that the guerrillas could slay other hostages.

"The plan is for Momberg to return to the rebels today, accompanied by the clergyman Andreas Van Der Boel," Captain Edi Setyadi told AFP by telephone from the Irian Jaya capital of Jayapura.

Setyadi said the two would go by helicopter to the mountain area of Mapenduma from Wamena, the main town in the region.

Van Der Boel is one of the three churchmen who held a six-hour talk with the rebels Monday, which led to Momberg's temporary release.

"They will also take along food, medicine, blankets and cigarettes, as requested by the kidnappers," Setyadi said, adding that Momberg's health was "fine."

A military source in Wamena, who declined to be identified, told AFP early Wednesday that Momberg "is still in town."

Momberg, a staffer at the Worldwide Fund for Nature (WWF), was released Monday on condition that he act as a mediator for the rebel group and publicise their cause.

Lieutenant Colonel Sumerta Ayub, chief of the Jayawijaya military district in Wamena, said Tuesday that Momberg was receiving medical treatment because he was "traumatized" from his captivity.

The independence fighters, identified by the military as a faction of the Free Papua Organization (OPM), are still holding at least 14 of the 26 hostages they seized January 8 in Mapunduma village, in Tiom sub-district, officials say.

Meanwhile, the official Antara news agency quoted military sources in Wamena as saying that military operations against the kidnappers have been temporarily stopped, as the rebels have threatened to kill hostages if it continued.

On Tuesday the rebels released a mother and her six-month-old baby, flown back by a helicopter which was bringing food for the hostages, Setyadi said.

Six of the remaining detainees are foreigners working on a scientific expedition in conjunction with the WWF. They comprise four British researchers, and two Dutch nationals working for UNESCO and WWF.

The Indonesian tourism authorities on Monday limited access to Baliem Valley, where Mapunduma village is located, to tourist groups.

The OPM has been fighting for an independent state since the former Dutch colony of Western Papua became the Indonesian province of Irian Jaya in 1964, but Ayub said the rebels had many other demands and also objected to the Lorentz expedition.

The European researchers still being held are four Britons working with the Lorentz 96 science mission — Daniel Start, 21, William P. Oates, 22, Annette van der Kolk, 21 and Anna McIvor, 20 — as well as WWF official Mark Van Der Wal and UNESCO environment official Martha Klein of the Netherlands.

Nine others, all Indonesian, were released Friday, the military said.

Minister Stresses 'No Compromise' With Kidnappers

BK1701063696 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 17 Jan 96

[FBIS Translated Text] The Indonesian Government will not tolerate any terrorist acts. Minister and State Secretary Murdiono stressed this at the State Palace in Jakarta about an hour ago in reply to questions from reporters on the kidnapping committed by the security disturbance movement [GPK] in Wamena. Minister Murdiono said the Armed Forces of the Republic of Indonesia [ABRI] could settle acts of hostage taking, including the one perpetrated by the GPK in Irian Jaya:

[Begin Murdiono recording] There will be no compromise with terrorists; there will be no compromise with those resorting to terrorist acts. The ABRI already has standards for dealing with certain groups that resort to terrorism. [end recording]

Military Uses 'Persuasive Approach' on Kidnappers

BK1701124596 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 17 Jan 96

[FBIS Translated Text] The Armed Forces of the Republic of Indonesia [ABRI] continues to use a persuasive approach to secure the release of hostages in Irian Jaya. Hopefully, the security disturbance movement [official term for the OPM or Free Papua Movement] will treat the hostages well and finally release them. Brigadier General Suwarno Adiwijoyo, head of the ABRI Information Center, said this in Jakarta today in the wake of news that the military operation has been temporarily suspended.

Meanwhile, Bishop Herman Munninghoff said in Jayapura that Irian Jaya clergymen were always ready to help ABRI secure the release of the hostages. Bishop Munninghoff said in a press statement at his residence after returning from Wamena that the clergymen expressed their readiness after receiving a message from the security disturbance movement from Mapunduma Village via SSB [single side band] radio.

Merauke District Chief Sukarjo said in Berlin today that the security disturbance movement had sporadically used Indonesian-Papua New Guinea border areas for its activities. Its presence remains a timebomb. We should deal with the movement on the basis of the people's security concept. All people should be involved in dealing with the movement so that they will not be influenced by agitations conducted by anti-Indonesia parties.

Roving Envoy Discusses East Timor Integration

BK0901090096 Jakarta SUARA KARYA in Indonesian 8 Jan 96 pp 1, 4

[Unattributed report]

[FBIS Translated Excerpt] Jakarta (SUARA KARYA) — The Indonesian Government will not beg any country in the world to recognize East Timor's integration into the Republic nearly 20 years ago. Indonesia will also ignore all kinds of threats and harassment carried out by Portugal in international forums. "We have often explained that the East Timor issue is over. We solved this problem a long time ago," roving ambassador Lopez da Cruz told SUARA KARYA after a news conference at the Hilton Hotel's Lagoon Tower in Jakarta yesterday.

The news conference, organized by Y.E. Habibie, Indonesian ambassador to the United Kingdom, was primarily aimed at introducing Dr. Abilio Araujo, a Lisbon businessman who will act as a mediator or spokesman to explain the real facts on East Timor to people in Portugal who oppose East Timor's integration. The press conference was also attended by several diplomats from the British Embassy in Jakarta.

Habibie said President Suharto agreed to allow Abilio Araujo to come to Indonesia. The president even met and held talks with Araujo on Friday (5 January). The East Timor fighter turned businessman was accompanied by Lopez da Cruz and Y.E. Habibie. "President Suharto was pleased to meet Araujo and asked him to explain East Timor's integration to the Portuguese people," said Habibie.

Araujo accepted the president's request. He told reporters there are indeed people in Portugal who still question East Timor's integration into Indonesia, but their number is less than those who support integration. The integration supporters are from all walks of society. Araujo said he will explain the facts on East Timor's integration to those who are still ignorant about it.

Araujo was earlier known as a person opposed to integration but now he wants to reconcile the conflict. Several recent moves by the Portuguese Government on the issue have caused chaos and instability, even conflict, among the East Timorese people. "I want to adopt a neutral stand on the issue, but I have also noticed that there are many who support integration. I also understand the background of integration," he said. [passage omitted]

'Incoherence' of Approaches to East Timor Alleged

BK1501104096 (Internet) INDONESIA Listserv in English 15 Jan 96

["Media Release" issued by East Timor National Council of Maubere Resistance on 15 Jan — place not given]

[FBIS Transcribed Text] East Timorese Resistance Leader Xanana Gusmao, serving a 20 year sentence in a Jakarta jail, is set to be interrogated on Monday following accusations of having sent out interviews from prison to the international media. Xanana has been strictly prohibited by the Indonesian authorities — who pretend he is a "common criminal" — from any unauthorised contacts with the outside world.

CNRM [National Council of Maubere Resistance] learned from contacts close to members of the Indonesian Armed forces (ABRI), about a document issued by the Correctional Institutions Directorate General raising concerns about the political consequences of statements allegedly supplied by Xanana Gusmao to the media. The document is said to recommend his transfer to a more isolated area of the prison, formerly occupied by top level Suharto regime political prisoners, such as recently released former Indonesian Deputy Prime

Minister and Foreign Minister Subandrio and General Omar Dhani.

According to the source, Xanana will be questioned by prison and military intelligence on Monday 15 January, the eve of the 7th round of the (so far quite unproductive) talks between Portuguese and Indonesian Foreign Ministers under the auspices of the UN Secretary General, scheduled for London on Tuesday.

This latest situation once again highlights the incoherence of Indonesian approaches to the East Timor problem, and the lack of credibility of Foreign Minister Alatas' statements. Resistance Commander Xanana Gusmao continues to be referred to as a "common criminal", (e.g an Alatas GATRA magazine interview as recent as 1 January). Xanana Gusmao has indicated in the past that he will refuse to cooperate with Indonesian prison authorities interrogations regarding political matters while he remains classified, and is referred to, as a "common criminal".

CNRM condemns the Indonesian treatment of Commander Xanana Gusmao, and raises its concerns about his well-being in the light of these latest and ill-timed harassment.

CNRM asks the United Nations Secretary General Mr Butrus Butrus- Ghali and the Portuguese Foreign Minister Mr Jaime Gama, to strongly raise the situation of the East Timorese Leader in their meeting with Minister Alatas on Tuesday, and to press for Gusmao's immediate and unconditional release.

By its actions Indonesia is once again exposing its lack of true commitment to the search of a genuine solution to the East Timor problem, and is threatening the continuation of the current process of talks.

Laos

SRV Delegation Arrives for Cooperation Meeting

BK1301144296 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 12 Jan 96

[FBIS Translated Text] In response to an invitation by Comrade Khamphoui Keoboualapha, deputy prime minister, chairman of the Planning and Cooperation Committee, and chairman of the Lao- Vietnamese Cooperation Commission, a delegation of the Vietnamese Government led by Comrade Phan Van Khai, deputy prime minister and chairman of the Vietnamese-Lao Cooperation Commission, arrived in Vientiane this morning to attend the 18th conference of the Lao and Vietnamese intergovernmental commissions for economic, cultural, scientific, and technical cooperation. The conference is scheduled to be held in Vientiane tomorrow. The conference will be held in accordance with the contents and spirit of the agreement on economic, cultural, scientific, and technical cooperation between the Government of the Lao People's Democratic Republic and the Government of the SRV, which was signed in Hanoi on 15 March 1995. During the conference, the two sides will review and assess the achievements won between 1992 and 1995 in implementing the agreements and protocols, which were jointly signed between the governments of Laos and Vietnam in 1992, including the agreement on the economic, cultural, scientific, and technical the cooperation between the two countries. They will also discuss cooperation for the immediate future.

A welcoming ceremony for the Vietnamese Government delegation was held at the Vang Sadet Guest House. It was attended by Deputy Prime Minister Comrade Khamphoui Keoboualapha along with ministers, deputy ministers, and a number of high-ranking concerned cadres. Also attending the ceremony was Comrade Bui Van Thanh, ambassador extraordinary and plenipotentiary of the SRV to Laos.

18th Cooperation Meeting Begins

BK1501103096 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 13 Jan 96

[FBIS Translated Text] The 18th meeting of the intergovernmental commissions for economic, cultural, scientific, and technical cooperation of the Lao People's Democratic Republic [LPDR] and the SRV was convened at the prime minister's office in Vientiane this morning. The Lao delegation was headed by Comrade Khamphoui Keoboualapha, deputy prime minister, chairman of the Planning and Cooperation Committee, and chairman of the Lao-Vietnamese Cooperation Commission, and the Vietnamese side was led by Phan Van Khai, deputy prime minister and chairman of the Vietnamese-Lao Cooperation Commission. Also attending were high-ranking cadres from both sides. Comrade Bui Van Thanh, ambassador extraordinary and plenipotentiary of the SRV to the LPDR, was also present.

In the meeting, the two sides jointly reviewed and assessed achievements between 1992 and 1995 in implementing the agreements and protocols which were jointly signed by the Lao and Vietnamese Governments, including the 1992 agreement on economic, cultural, scientific, and technical cooperation between the two countries. They discussed directions for cooperation in 1996, as well as cooperation for the period from 1996 to the year 2000. They also considered various agreements, related to cooperation between the two countries, such as the agreement on management of investment and the judiciary agreement. The two sides also discussed additional details on certain issues related to cooperation so that cooperation and mutual assistance could be fruitfully implemented.

This 18th meeting of the LPDR and SRV intergovernmental commissions for economic, cultural, scientific, and technical cooperation took place amid an atmosphere in which the two countries reviewed the achievements for implementing socioeconomic development plans for the 1991-95 period, and for putting forth a development strategy for the period from 1996 to 2000, as well as for the period ending in 2020 in certain fields.

This meeting of the Lao and Vietnamese cooperation commissions is considered significant for adopting a direction for the further and ever more fruitful development and strengthening of the traditional relations of friendship, special solidarity, and all-round cooperation between the two nations of Laos and Vietnam.

Philippines

'Influx' of Terrorists Said Unrelated to APEC

BK1001031396 Manila MANILA STANDARD in English 5 Jan 96 p 2

[Report by Romie A. Evangelista and Arkhon Antolin]

[FBIS Transcribed Text] Interior and Local Government Secretary Rafael Alunan yesterday said the influx of suspected foreign terrorists in the country had nothing to do with the year-long 4th Asia Pacific Economic Conference (APEC) to be held in the country this year.

Alunan downplayed the alleged terrorist plots to disrupt the APEC meeting a few days after announcing findings that President Ramos, AFP [Armed Forces of the Philippines] Chief of Staff Gen. Arturo Enrile and PNP [Philippine National Police] Director General Recaredo Sarmiento are subject of liquidation of the group.

Unconfirmed reports said foreign delegates out to attend the APEC summit here have expressed doubts about the capability of the PNP and the AFP to contain the threat of foreign terror groups to sabotage and conduct liquidation missions against selected targets who will attend the conference.

Alunan said they "have not received any information to the effect" but confirmed to have uncovered a plot to assassinate top government officials, including the president.

"Based on police reports and documents found in the possession of those captured (foreign terrorists), the APEC was not identified as one of the targets," Alunan said.

According to Alunan, the strong presence or exodus of extremist groups in the country was religion-related as they wage jihad or holy war to establish an Islamic empire in the country.

"The Islamic fervor of extremist groups to wage jihad in order to establish an Islamic empire may be behind the present strong existence of suspected foreign terrorists in the country," Alunan told the reporters in an interview.

The statement is contrary to his previous statements, when he and Sarmiento presented to media last Tuesday [2 January] six suspected terrorists, including Mohammed Anees, who they said was a close associate of indicted international terrorist Ramzi Ahmad Yusuf.

Yusuf, who was arrested by US agents in Pakistan last year, is the suspected mastermind of the September 1993, World Trade Center bombing in New York City and the bombing of PAL [Philippine Airlines] flight 343 while en route to Japan from Cebu City in December 1994.

Yusuf and his group were sighted in Manila late 1994 and early last year and reports said they were out to assassinate Pope John Paul II during his visit to Manila February last year.

When Anees and five other suspected terrorist were presented to media last Tuesday, Alunan said the government has heightened its internal security apparatus in anticipation of reprisals from local and international terrorists because of their recent setbacks.

At least 95 suspected foreign terrorists have been rounded up by government intelligence agents and a couple of dozen of them have been charged with illegal possession of firearms and ammunition in various courts.

During the media presentation, Alunan said: "The growing threat of transnational terrorism must be contained within the shortest time possible. I repeat, we remain firm in our country but we will not allow terrorists to utilize the Philippines for their terroristic activities."

The statement obviously meant that the suspected terrorist they arrested, presented to media and later charged in court were not here to wage a jihad but would conduct terroristic activities such as sabotage and liquidation missions.

The APEC summit will be attended by heads of state and sectoral representatives from 18 participating countries.

Ministerial meetings among the participants are set to be held next week in preparation for the conference in November.

Meanwhile, it was learned that the plan of arrested terrorist suspects to assassinate local and foreign dignitaries was uncovered through wiretapping.

An official at Camp Crame who spoke on condition he is not identified said it was just too bad that they could not use the results of the wiretaps as evidence because wiretapping was illegal in this country.

The source used this argument to support Malacanang draft bill legalizing wiretapping in the battle against terrorism.

He said the move would facilitate the prosecution of criminals since evidence gathered against them through wiretapping would be admitted as evidence in court.

Communist Party Focuses on 'Maoist Tactic'

BK1001060996 Manila PHILIPPINE DAILY INQUIRER in English 26 Dec 95 pp 1, 4

[Report by Raymond Burgos]

[FBIS Transcribed Text] The Communist Party of the Philippines [CPP] has "deliberately reduced the existence and operations" of armed partisans in urban centers to pursue the Maoist tactic of surrounding the cities from the countryside.

This was announced by Armando Liwanag, chair of the CPP Central Committee, in a press statement issued yesterday. According to the military, Liwanag is one of the aliases of Jose Ma. [Maria] Sison, CPP founding chair who is currently on exile in The Netherlands.

The CPP, which is struggling to survive factionalism that broke into the open in 1993, celebrates its 27th anniversary today.

Liwanag's six-page statement was issued in the wake of a fresh wave of attacks against "anti-labor" capitalists by the Alex Boncayao Brigade [ABB], hit squad of the party's breakaway Manila- Rizal Regional Committee (MRRC).

Liwanag said the CPP was cutting the number of armed partisan operations in Metro Manila and other cities to concentrate on "revolutionary armed struggle in the countryside."

He said the reduction of these operations in major urban centers in the country, including Metro Manila, was also aimed at "preventing the revisionist renegades who have become enemy spies from jeopardizing their security."

"The Party has deliberately reduced the existence and operations of armed city partisans in Metro Manila and some other cities to stress the need for the development of the revolutionary armed struggle in the countryside," Liwanag said.

Debate over the policy of fielding armed city partisans was one of the factors that contributed to the division in the CPP between the so-called reaffirmists, who adhere to the Maoist strategy of protracted people's war, and the rejectionists, who oppose the traditional line.

In its various "rectification" documents, the Liwanag-led CPP has strongly repudiated the excesses allegedly committed by the urban hit squad, which is also accused of engaging in militarism and urban insurrectionism.

The ABB has been specifically criticized for its leading role in the burning of buses aimed at "creating an insurrectionary situation" during the October 1990 nationwide strike.

Late in 1993, shortly before the MRRC announced its formal split from the party, the CPP Central Committee sought to dissolve the ABB and ordered the reintegration of its mostly urban-based cadres and partisans into the New People's Army [NPA] in the countryside.

After separate attacks in 1994 on Chief Inspectors Timoteo Zarcal and Jose Pring, there was a lull in ABB operations. But these were renewed early this month with three attacks against "anti-labor" capitalists.

Reoriented [subhead]

Liwanag said the NPA has been "reoriented, retrained, and redeployed in order to carry an ever widening and deepening mass base for extensive and intensive guerrilla warfare within the stage of strategic defensive in the people's war."

In every guerrilla front, Liwanag said, the core is composed of not more than 30 percent of the NPA guerrillas. Mobile guerrilla units comprise at least 70 percent of the NPA's strength.

Liwanag said the number and frequency of NPA tactical offensives are "gradually increasing."

He, however, noted that the long-running damage on the mass base and the current stress on mass-base building in the rectification movement have slowed down tactical offensives.

"Rebuilding the mass base is the prerequisite to launching tactical offensives that we can win and sustain," he said.

Liwanag added that the CPP would fulfill its target of recruiting 10,000 new party members before the end of 1996 as one of the requisites for the "further advance" in its revolutionary struggle.

Two More Suspected ABB Officers Arrested

BK0901061796 Manila BUSINESS WORLD in English 9 Jan 96

[Report by Sandra S. Aguinaldo and Jemileen U. Nuqui — received via Internet]

[FBIS Transcribed Text] Two more suspected officers of the Alex Boncayao Brigade (ABB) fell into the hands of the Armed Forces of the Philippines (AFP) and the National Bureau of Investigation (NBI), bringing to 14 the total number of arrested ABB suspects since December.

As this developed, businessmen urged government to place greater emphasis on the peace and order situation if it wants to sustain the country's economic growth. They said the business community may lose interest in the country if the crimes continue to spread.

"The government should submit to the people a list of what it has done in the past five years (to improve the peace and order situation) so we can gauge whether or not the measures it took were effective," said industrialist Raul Concepcion, president of the Federation of Philippine Industries.

He said the perception among the people is they could not turn to anybody in government for help because the police are "part" of the problem.

"There is a need to pinpoint responsibility for the elimination of crimes. The government does not seem to have the public's confidence," he said.

The AFP Joint Operation Center (JOC) identified the ABB suspects as Joe Tausa and White Escame alias White. They were arrested in two separate operations conducted by AFP and NBI intelligence last Saturday.

The Intelligence Service of the Armed Forces of the Philippines (ISAFP) said they belong to the Special Operations Unit of the ABB.

Mr. Escame was arrested in a tailoring shop in V. Mapa St. in Sta. Mesa by government operatives and was found with a cal. 38 revolver with defaced serial number and two sticks of dynamite.

At the same time, Mr. Tausa was arrested in Block 86 Katalinuhan St. in Karangalan Village in Cainta, Rizal. Confiscated from him by NBI agents were cal. 38 revolver, seven rounds of ammunition, and P [pesos] 150,000 in cash.

The two were captured based on a search warrant issued by Judge Marciano Bacalla of the Quezon City Regional Trial Court. They were charged with illegal possession of firearms and ammunition by authorities before the Department of Justice (DoJ). They were recommended to post P180,000 bail each, an NBI agent said.

The suspects are now in the custody of the Military Intelligence Group (MIG) 16 for tactical interrogation.

Fourteen suspected ABB members have been arrested since President Ramos launched an "all-out war" against the urban hit squad in connection to the twin-slaying of millionaire Leonardo Ty and his driver last December 11.

The second-ranking ABB leader has, meanwhile, been granted temporary liberty after posting P60,000 bail, the Free Legal Assistance Group (FLAG) said yesterday.

The FLAG said the court approved Mr. Ferdinez's motion to reduce bail from the original requirement of P200,000.

He is the seventh ABB suspect to be released by authorities. Earlier, six suspects, including alleged ABB southern sector leader Fernando Pagal, were released due to lack of evidence.

Confirmed to have been arrested so far were Lijone de la Cruz, alleged commanding officer of the ABB's regional partisan operation group and son of the ABB chief; Edmund Landrito, alleged ABB hitman and security of the younger dela Cruz; Amy Flores, live-in partner of Mr. dela Cruz; Orlando Bondallon, intelligence officer of ABB's 11th district politico-military staff; Ruperto Lopez, vice-commander of the District Insurrectionary Force 11; Romeo Torreda, vice- platoon leader of the southern sector; Restituto Loretto, an ABB hitman; John dela Cruz, head of the southern sector; Roberto Cuyug Sr. and Roberto Dalumpinez Jr., both of the south sector.

In another development, Socio-economic Planning Secretary Cielito Habito admitted the government has realized the need for its agencies to work together in stopping crime so investments would continue to flourish.

He said since most of the targets of crime syndicates are the Chinese businessmen, there has been some decisions made by the group to put on hold its business expansions.

However, he said there is yet no evidence of substantial interruption of economic growth and decline of investor confidence.

Alex Boncayao Brigade-Terrorist Tie Suggested

BK1101060396 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0516 GMT 11 Jan 96

[FBIS Translated Text] There is a possibility that international terrorist groups in the country may be conniving with the Alex Boncayao Brigade.

Based on a report from the Armed Forces of the Philippines, Ramzi Ahmad Yusuf was seen meeting with an Alex Boncayao Brigade leader in a hotel in Manila. According to the report, the meeting may have something to do with the merging of the two groups.

Earlier, it was reported that international terrorists are supporting the Abu Sayyaf. The terrorists are reportedly supplying arms and giving financial support to the Abu Sayyaf, that is why it is also possible that the terrorists will also support the operations of the Alex Boncayao Brigade.

Rebels on Massive MILF Maguindanao Recruitment

BK1701080996 Manila BUSINESS WORLD in English 17 Jan 96

[Report by Sandra S. Aguinaldo — received via Internet]

[FBIS Transcribed Text] Eight arrested Muslim guerrillas yesterday confirmed massive recruitment activities of the Moro Islamic Liberation Front (MILF) in Matanog, Maguindanao, a well- known MILF stronghold in the South.

At the same time, interrogation reports from the military intelligence said the suspects admitted MILF officials have been collecting revolutionary taxes from at least 11 commercial establishments in Maguindanao.

The rebels, who claimed to be a breakaway group of the MILF, were arrested by the Army in a bus terminal in Kabasalan, Zamboanga del Sur last January 8.

Civil Relations Service Chief Brig. Gen. Victor Garcia identified the suspects as Malik Alasaini, Isanaji Sabatar, Rasid Salapuddin, Amja Alsaini, Jimmy Sahak, Jaikani Amin, Usman Kanda. The identity of one of their companions has yet to be verified, the military said.

Gen. Garcia said interrogation revealed the suspects were new recruits who escaped from the MILF camp because they cannot endure the hunger and the physical strain required of them before they can pass as regulars of the rebel group.

The rebels said they decided not to continue with the training and went AWOL (absent without leave). They are under the custody of the Southern Command.

Thailand

Burmese Envoy Optimistic Over Border Settlement

BK0601151596 Bangkok BANGKOK POST in English 6 Jan 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Burma and Thailand should be able to settle their boundary demarcation disputes after ending the war with drug warlord Khun Sa, Burmese Ambassador to Thailand Tin Win said on Thursday.

Areas the two countries are currently unable to agree on include the overlapping land of some 30 square kilometres at Doi Lang in the Mae Ai District of Chiang Mai province which once was controlled by Khun Sa's Mong Tai Army.

Khun Sa is believed to have struck a deal with the Burmese government for his surrender earlier this week. Under the deal, Burmese troops are allowed to enter his headquarters at the ill- defined Doi Lang.

The Thai military has expressed concern over whether the Burmese troops should withdraw from the disputed area.

Mr Tin Win said Khun Sa's surrender could make it much easier to define the 2,041km Thai-Burmese border.

And he said there was no reason for Burmese troops to build an atmosphere of distrust or confrontation because "the government troops are more friendly with the Thai troops."

"We should look forward to the positive side," he said, adding the fighting between the government and armed insurgents has stopped Burma defining disputed border areas with Thailand.

Burma has agreed on border demarcations with all its other neighbouring countries; India, Bangladesh, China and Laos.

The Thai-Burmese Border Demarcation Committee, in a meeting last March, agreed to define the border as soon as possible, but the technical teams of both sides have not conducted a joint survey yet due to security reasons from the Burmese side.

The committee's next meeting has not been fixed yet.

Regarding the disputed overlapping claim at Doi Lang, Foreign Ministry officials said the demarcation will be based on the 1894 Siam-British treaty.

But the details of the map attached to the treaty needs to be discussed and identified since it does not conform with Thailand's modern map, they added.

Thailand and Burma have both claimed the hill is in their territory.

The Burmese ambassador said opium eradication after Khun Sa's surrender is another thing that will take time.

He added the Burmese government will try to introduce development projects in these remote areas and educate people on crop substitution.

"It cannot happen within one day or one month since people have relied on poppy plantations for more than 150 years. We have to win their hearts and educate them," he said.

The golden triangle borders northern Thailand, Burma and Laos and is infamous as a drug trafficking area.

Clash Reported in Burma Opposite Mae Hong Son

BK0601150896 Bangkok Radio Thailand Network in Thai 1200 GMT 6 Jan 96

[FBIS Translated Text] According to a report by Radio Thailand's correspondent, a clash occurred between Burmese Government troops and Karenni troops of Kayah State at 0700 today, only 800 meters from Ban Doi Saeng in Mae Hong Son Province. A large number of Burmese troops were believed to have been attacked by Karenni forces, who resorted to guerrilla tactics in their fighting.

Opposite the border in Khun Yuam District, which is about 60 km from the center of Mae Hong Son, Burma sent about 850 fresh troops to the base at Mae Surin in a bid to keep pressure on the Karenni forces, whose stronghold is located about 5 km from the Thai border.

In Ho Mong, which is the headquarters of Khun Sa, preparations are underway for the arrival of Colonel Kyaw Win, deputy chief of intelligence and a close aide of SLORC [State Law and Order Restoration Council] Secretary Lieutenant General Khin Nyunt. The official is scheduled to arrive in Ho Mong on 7 January for talks with Khun Sa under the terms of surrender dealing with the future of Khun Sa himself, as well as the future of the Shan and Chinese Haw people living in Ho Mong, in the Shan State of Burma.

There are also those, officers as well as civilians, in Ban Ho Mong who disapproved of the steps taken by Khun Sa. They are waiting for the outcome of tomorrow's talks in order to decide on their own destiny. For them, the outcome of the negotiations between Khun Sa and the Burmese troops will indicate what the future of Khun Sa, commander of the once strong Mong Tai Army, or MTA, will be.

Banhan, Army Commander Voice Concern Over Border

BK0601113596 Bangkok Radio Thailand Network in English 0000 GMT 6 Jan 96

[FBIS Transcribed Text] The Thai-Myanmar [Burma] border committee has been assigned by Prime Minister Banhan Sinlapa-acha to help ease border conflicts along the Thai-Myanmar border. The fighting between Myanmar government troops and opium warlord Khun Sa's forces along the Thai-Myanmar border has become a matter of concern for Thailand. Prime Minister Banhan has instructed the Thai military to prevent the fighting from causing hardships to Thai villagers living along the border.

Army Commander in Chief General Pramon Phalasin says Thailand and Myanmar have reached agreement that there would be no armed confrontations between the two sides at the border in Mae Ai District of Chiang Mai. He says, as far as he knows, Myanmar troops have already held negotiations with some groups of Khun Sa's forces. The army commander in chief stresses the need for Thailand and Myanmar to settle their border demarcation issue. He says Thailand wants negotiations on the issue to be concluded as soon as possible since the demarcation issue is likely to lead to other problems.

Talks Urged on Border Dispute With Burma

BK0901045296 Bangkok THAILAND TIMES in English 9 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok: Foreign Minister Kasemsamoson Kasemsi yesterday called for negotiations with Burma over disputed Thai-Burmese border area at Doi Lang, saying the existing 1894 Siam- Britain Treaty would be the best vehicle for settling the conflict.

Kasemsamoson said the provincial-level Thai-Burmese joint border committee was the means to ease confrontation between the two sides' arms forces on the spot.

"We are indebted to the Siam-Britain Treaty as the best way out of the continuing conflict," Kasemsamoson declared.

The foreign minister said demarcation of the entire Thai-Burmese border could not be achieved in 48 hours. The two governments must accept that fact.

Drug warlord Khun Sa's surrender to Rangoon's military forces last Wednesday, left the disputed area around Doi Lang, Chiang Mai's Mae Ai district, vacant for a brief period before Burmese troops occupied on December 31 as Khun Sa's army Mong Thai Army (MTA) left the area.

The Burmese junta has claimed the ownership of the territory, quoting the 1894 Siam-Britain Treaty, while Thailand asserts its claim to sovereignty citing the same treaty but using a different reference map.

As to controversy over Khun Sa's future, Burma had no extradition treaties with other countries, so he should face a Burmese court, Kasemsamoson commented.

The minister confirmed, however, if Khun Sa was found in Thailand, he would be extradited to the United States.

Drug Board: Output at Border Unlikely To Drop

BK0901052396 Bangkok BANGKOK POST in English 9 Jan 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Narcotics production and trafficking in the Golden Triangle will continue and may even increase despite the fact that drug warlord Khun Sa and his Mong Tai Army (MTA) have given up the armed struggle for an autonomous Shan State, according to a situation assessment report by the Office of Narcotics Control Board (ONCB).

A senior official of the National Security Council [NSC] also predicted a possible rise in banditry by elements of the armed combatants who refuse to give up their arms to Burmese authorities.

The ONCB report which covers the major events in Shan State during December 28-January 5 when Khun Sa suddenly surrendered and allowed Burmese troops to enter his territory, was yesterday submitted to PM's Office Minister Prasong Buranaphong who is in charge of the ONCB.

Although Khun Sa's influence has substantially decreased, there are still several splinter groups of combatants who are yet to surrender to Rangoon and who may take over drug production and trafficking from Khun Sa because Burmese troops have not achieved full control of the Shan State, according to the report.

These splinter rebel groups will be the main conduit through which narcotics will be smuggled into Thailand, the report said.

Besides, Rangoon may implicitly allow Khun Sa and his men to carry on the illicit trade as usual because Burma itself does not have adequate financial means to help improve the livelihood of the Shan people, said the report.

However in the long run, the narcotics problem in the Golden Triangle will gradually ease if Rangoon applies the same development policy with Shan people as it did with the Wa minority people.

Khun Sa's surrender, according to the report, will do away with a buffer that used to exist with the presence of the Shan rebels and put Thai forces in direct confrontation with Burmese troops.

The report predicted more border disputes between Thailand and Burma because of the poorly demarcated border.

On a brighter side however, the report said border crossings in Mae Hong Son, Chiang Rai and Chiang Mai which have been closed by Rangoon since last February may be reopened so that border trade can resume.

As far as Rangoon is concerned, the report said the Burmese military junta might use Khun Sa as a bargaining chip in dealing with the United States or ASEAN.

Prime Minister's Office Minister Prasong Buranaphong said he doubted narcotics would completely disappear from the Golden Triangle with Khun Sa's surrender.

From the intelligence report, he said several of Khun Sa's followers had not given up their arms or their struggle against Rangoon.

He also said some Shans had invested heavily in the production of amphetamines.

He alleged that the Wa communists who earlier entered into a peace agreement with Rangoon still engaged in narcotics trafficking.

"The point is whether the Burmese government will pretend to look the other way to allow the illicit trade to carry on," said the minister.

NSC deputy secretary-general Phichai Rattanaphon said Thailand should be prepared for a possible spillover of armed guerrillas who might resort to banditry and harassment of Thai civilians along the border because, once without leaders, they would become uncontrollable.

Speaking at a panel discussion organised by Forum-Asia, Mr. Phichai said the end of the armed struggle by the Shan rebels should enable Thailand and Burma to start demarcating their ill-defined border.

Police Deny Country 'Transit Point' for Weapons

BK0901105396 Bangkok MATICHON in Thai 9 Jan 96 p 12

[Unattributed report]

[FBIS Translated Text] Police General Phot Bunyachinda, director general of the Police Department, on 8 January denied as groundless the report on Thailand allegedly being used as a transit point for the delivery of war material to other countries, saying the trade in war material has now declined considerably.

Thailand has set up a committee for the suppression of trade in war material with Prime Minister Banhan Sinlapa-acha as its chairman. Foreign countries are well aware of Thailand's sincerity in this regard. The police director general disclosed that he had not received any report about a Russian plane loaded with war material making a stopover in Phuket Province.

Meanwhile, Police Lieutenant General Wira Wisutthakun, commander of the Police Special Branch, said that, in principle, the Thai Government will not give any support, be it in money or weapons, to any terrorist groups in compliance with an international treaty that prohibits the use of its territory for terrorism.

Panel To Investigate Submarine Scandal Urged

BK0601122996 Bangkok BANGKOK POST in English 6 Jan 96 p 1

[Unattributed report]

[FBIS Transcribed Text] A special panel to investigate the Kockums bribery allegations should be set up by the Government, the House Foreign Affairs Committee said in a formal statement yesterday.

In the statement, submitted to the prime minister, panel chairman Suwat Liptaphanlop said the allegations had to be addressed for the sake of the country's dignity.

It said the Government should sue the author of the allegations if it felt it had grounds and trace any money transfers from Sweden through the central bank.

Henrik Westander, a Swedish peace activist, wrote in the Stockholm daily Dagens Nyheter that the Swedish shipbuilder had bribed Chat Thai during the July 1995 election to enhance its chances of winning a 17-billion-baht submarine order.

The statement emerged after the panel heard testimony from officials including Defence Minister Chawalit Yongchaiyut, Foreign Minister Kasemsamoson Kasemsi, Navy Commander Adm Prachet Siridet, Democrat secretary-general Sanan Khachonprasat, PM's [Prime Minister] secretary-general Det Bunlong and Kockums agent Supridi Sriphadung.

Panel chairman Suwat quoted the Foreign Ministry as saying writers could not be sued under Swedish law but editors could. Furthermore the suit could be filed in London because Dagens Nyheter is sold in Britain.

Since Stockholm had ordered an investigation expected to be completed this month, the panel suggested the Government follow up on the result.

Later, Mr Suwat, the Chat Phatthana secretary-general, said there were inconsistencies in some testimonies.

Gen Chawalit had said no decision has been reached on the procurement proposal but Navy Commander Prachet said invitations to bid had been sent to eight countries, seven of which produced quotes and specifications.

M.R. [Mom Ratchawong — royal title] Kasemsamoson had said Sweden had provided no statement of clarification but PM's secretary- general Det said otherwise.

Mr Suwat said matters might have been more clear had Prime Minister Banhan Sinlapa-acha attended three sessions to which he had been invited.

The case is expected to be discussed among opposition parties on Monday.

Vietnam

Foreign Firms Invited To Join Refinery Project

BK0701160996 Hanoi VNA in English 1415 GMT 7 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 7—The Vietnam Petroleum Corporation (PETROVIETNAM) has invited United States' Conoco Inc., South Korea's LG Group and Petronas of Malaysia to enter into a project to build a refinery at Dung Quat in the central coastal province of Quang Ngai, said PETROVIETNAM Director General Ho Si Thoang.

The project to build the first oil refinery in Vietnam with a projected capacity of 6.5 million tonnes per year or 130,000 barrels a day is estimated to cost USD [U.S. dollar] 1.2 billion.

Earlier, France's petroleum group Total together with Taiwan's China Investment Development Corporation (CIDC) and South Korea's Chinese Petroleum Company (CPC) showed their interest in the project. However, in mid-1995 Total officially pulled out of the project because of a disagreement over the location of the proposed refinery. The other two companies have expressed their continued interest in the project, becoming partners to a new joint venture which is also to include the three mentioned first.

Detail and specific questions relating to the new joint venture will be discussed in mid-January between PETROVIETNAM and the five foreign companies. "But still," Mr. Thoang said, "preparations for refinery site and infrastructure construction thereon must be completed by the end of 1996."

PETROVIETNAM has so far signed 30 contracts with foreign companies to explore and exploit oil and gas offshore Vietnam. It tapped 7.7 million tonnes of crude oil within 1995 and plans to raise this year's output to 12 million tonnes.

Vo Van Kiet Issues 'Decision' on New Offices

BK0701164396 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 4 Jan 96

[FBIS Translated Text] Prime Minister Vo Van Kiet recently issued a decision on the setting up and dissolution of some establishments attached to the people's committees of provinces and municipalities directly subordinate to the central government and on the establishment of new offices for district and ward people's committees.

The decision said that the setting up of establishments for the agricultural and rural development sector should be carried out on the basis of the reorganization of state management agencies in agriculture, forestry, and water conservancy, and that the setting up of the planning and investment office should be carried out on the basis of the merging and reorganizing of the state planning commission. The decision also said that the electric power authority in provinces and municipalities directly subordinate to the central government shall be dissolved and the management power shifted to the industrial sector, while the production and business responsibility shall be shifted to the Vietnam Electric Power Corporation.

Concerning the establishment of new offices attached to the district and ward people's committees, the decision said the district agricultural and rural development offices shall be set up on the basis of the reorganization of the state agencies for agricultural, forestry, and water conservancy activities. The setting up of the planning and investment office in districts should be carried out on the basis of the reorganization of existing agencies responsible for planning and investment activities.

Administration Leaders Discuss Budget Tasks

BK0601144196 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 6 Jan 96

[FBIS Translated Text] Prime Minister Vo Van Kiet and Deputy Ministers Phan Van Khai and Tran Duc Luong held a conference in Ho Chi Minh City today with leaders of all 53 provinces and cities to discuss: issues related to government work in 1995 and plans for 1996; implementation of the 1996 budget, particularly for the first quarter; and the administrative reform program for the whole year.

Attending the conference were chairmen of provincial people's committees, chairmen of planning committees, and directors of finance and taxation offices. Also attending were representatives of various ministries and other organs under the government.

During the first working day, the conference listened to Comrade Do Quoc Sam, minister for planning and investment, who discussed the 1996 plan and the government work plan for the first quarter of the year. Finance Minister Comrade Ho Te reported on 1996 budget allocations.

In the afternoon, representatives of provinces and cities of Hanoi, Can Tho, Haiphong, Dong Nai, Nghe An, and Ba Ria-Vung Tau presented reports on measures to implement 1996 budgetary targets.

Vo Van Kiet on Measures To Achieve 1996 Targets

BK0901155096 Hanoi VNA in English 1224 GMT 9 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan.9 — Central and local government leaders have expressed an unanimous view at a three-day meeting in Ho Chi Minh City on January 5, 6 and 8 that ways and means must be sought to encourage and mobilise as much capital as possible from all economic sectors in the country, as well as ensuring strict control and effective use of state budget allocations, making full use of foreign sources of funds for the successful implememtation of the 1996 plan.

The meeting, which was attended by Prime Minister Vo Van Kiet, Deputy Prime Ministers Phan Van Khai and Tran Duc Luong, and leading officials from all the 53 cities and provinces across the country, discussed drastic measures and actions to be taken to carry out this year's socio-economic development plan.

In the 1996 plan, the government has set out a GDP rate of 9-10 percent, 14-14.5 percent for industrial growth, and an inflation rate of less than 14 percent. The total food output goal has been set at 28 million tons.

Addressing the meeting, Prime Minister Vo Van Kiet applauded the local leadership for their comments on the government's execution and guidance last year as well as its plan for 1996, particularly its budget plan and administrative reform programme.

'1996 is of special importance as it will witness the 8th National Party Congress. It is a year that sees the start of the last five-year plan for the 20th century and preparation for the next centure,' Vo Van Kiet stressed.

He added 'along with developing centralised industrial zones, there needs to be encouragement of all businesses to build infrastructure facilities and form new residential quarters to help accelerate rural urbanisation. The change of economic structure in rural areas must start in the households'.

Vo Van Kiet Tours Industrial Zones in Dong Nai

BK0401074596 Hanoi VNA in English 0634 GMT 4 Jan 96

[FBIS Transcribed Text] Hanoi VNA January 4. — Prime Minister Vo Van Kiet stressed the need to re-equip and reorganise the Bien Hoa Industrial Zone 1 during his visit to Dong Nai Province on January 2.

He also emphasised the need to implement measures to prevent environmental pollution.

The government has approved six industrial zones in Dong Nai on more than 4,570 hectares and is set to approve another six on 3,000 hectares.

About 180 licenses with a total capital investment of nearly usd 2.5 billion have been granted for these zones, of which 24 are joint ventures and 68 are 100 per cent foreign-owned projects.

At present, 100 enterprises are in operation in the zones, employing more than 25,000 workers.

The prime minister also visited a number of new industrial zones, such as Bien Hoa 2, Long Binh Amata, Nhon Trach and Go Day.

The infrastructure for these zones is being built and managers are already inviting investment. To date 58 domestic and foreign enterprises have been granted licenses with a combined investment of USD 369 million, of which 22 have begun operating with an authorised capital of USD 50 million, employing 6,000 workers.

Kiet praised the work done at these zones, in particular, the Long Binh Amata zone which had planted a lot of trees.

At the Nhon Trach zone, Kiet reminded district and provincial authorities that due attention should be pai iin urban planning to ensure a clean environment and an aesthetic landscape.

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